JPRS 81479

9 August 1982

East Europe Report

ECONOMIC AND INDUSTRIAL AFFAIRS

No. 2301

FBIS FOREIGN BROADCAST INFORMATION SERVICE

JPRS 81479

9 August 1982

East Europe Report

ECONOMIC AND INDUSTRIAL AFFAIRS

No. 2301

FBIS FOREIGN BROADCAST INFORMATION SERVICE

JPRS 81479

9 August 1982

EAST EUROPE REPORT

ECONOMIC AND INDUSTRIAL AFFAIRS

No. 2301

CONTENTS

BULGARIA

Better Promotion of Bulgarian Products Abroad Urged
(Andrey Nedyalkov; IKONOMICHESKI ZHIVOT, 23 Jun 82)....... 1

Industrial Production During January-May Period, Comment
(IKONOMICHESKI ZHIVOT, 23 Jun 82)......................... 4

Shortage of Jobs for Graduates in Economics, Accounting Discussed
(Sofiya Yoveva; OTECHESTVEN FRONT, 30 Jun 82)............. 7

CZECHOSLOVAKIA

Industiral Orientation to Foreign Pricing Urged
(Jaroslav Rod, Lubomir Hejl; HOSPODARSKE NOVINY, 21 May 82).. 10

Agricultural Loans for Small-Scale Breeders and Growers Explained
(Zdenka Rodova, Milan Odehnal; ZEMEDELSKE NOVINY, 17 Jun 82).. 20

GERMAN DEMOCRATIC REPUBLIC

Mid-1981 Purchasing Power of East, West German Marks Compared
(Charlotte Otto-Arnold, Heinz Vortmann; DIW-WOCHENBERICHT, 21 Jan 82)................................ 24

Foreign Affairs Journal Reviews History of Merchant Fleet
(Wanda Kosche; HORIZONT, No 26, 1982).................... 37

 [III - EE - 64]

HUNGARY

Ministry of Industry Appraises Its Short Past
(PENZUGYI SZEMLE, Jun 82).................................. 41

Study Shows Managers Should Be More Businesslike
(Julia Venyige Molnar; NEPSZABADSAG, 30 Jun 82)............ 50

POLAND

New Economic Solutions Proposed
(PERSPEKTYWY, 14 May 82)................................... 54

New Proposals on Price Structure Reported
(Jozef Popkiewicz Interview; ZYCIE GOSPODARCZE,
13 Jun 82)... 58

First Quarter Investment Figures Published
(ZYCIE GOSPODARCZE, 11 Jul 82)............................. 65

Special Currency Exchange Rate Published
(TRYBUNA LUDU, 19 Jul 82).................................. 67

1981-1985 Development Program for Agriculture, Food Industry
Discussed
(Boleslaw Struzek; WIES WSPOLCZESNA, Feb 82)............... 69

Specialization in Ship Construction Reported
(Zenon Gralak; TRYBUNA ROBOTNICZA, 24 Jun 82).............. 79

BETTER PROMOTION OF BULGARIAN PRODUCTS ABROAD URGED

Sofia IKONOMICHESKI ZHIVOT in Bulgarian 23 Jun 82 p 14

[Article by Andrey Nedyalkov, specialist in MME [expansion unknown]: "High-Quality Output in the International Market"]

[Text[An increasingly exacerbated struggle has recently been blazing in the international capitalist markets. Competition is being waged not only on a price basis, but primarily on a non-price basis. As a result of the complicated political situation and the widening and deepening integration processes in the countries of Western Europe, as well as because of protectionist barriers of a discriminatory character, our machine-building output is encountering considerable difficulties in its sales in the Western countries. Nor, to be sure, must the role of the customer's tradition and conservatism and various influential psychological factors be overlooked. Yet in spite of this, in the past 20 years our trade with the developed Western countries has increased more than 12-fold and is almost as much as 16 percent of the total volume of our exports. More than 50 agreements and understandings with leading Western companies for cooperation in production, science and technology, and marketing are now operative in Bulgaria.

Hopeful Beginning

Bulgarian achievements in machine building, electronics and electrical engineering, in instrument manufacture and computer technology vividly demonstrate our scientific and technical progress. Thanks to these, the name of Bulgaria has won recognition as the name of a rapidly developing country. Despite this progress, however, our economic organizations in the above-mentioned sectors and subsectors are very poorly recognized, and sometimes are completely unknown in business circles abroad. These Bulgarian organizations practically break a path among the long-entrenched large Western producer firms. The market policy of these organizations of ours is, in fact, in its initial stage. Hence the necessity at once of special efforts and pains to win a reputation for, and constantly protect our output. Since foreign firms are known to make exceptional efforts and spend huge sums in order to meet competition and to strengthen and expand their positions, Bulgarian industrial output must be /only output that is up to world standards/ [passage enclosed in slantlines printed in boldface]. It must have a long and troublefree life, which is a sure testimonial of excellent quality.

The prevailing opinion is that Bulgarian machine-building output has attained a high standard. The ratings that have been obtained from the countries importing our products of their quality are one of the chief criteria for determining the further activity of Bulgarian producers and exporters. Efforts must be made to expand the production of products that have received high ratings. Such, for example, are the ratings of the typewriters made by the Plovdiv ZPM [Typewriter Plant], of the motor trucks made by the "Rekord" Plant in Plovdiv, and of the battery-powered trucks made by the machine builders of the "6th of September" KE [expansion unknown] in Sofia and the "Dunav" [Danube] KE in Lom. Our metal-cutting machinery is highly rated in Finland, Greece, Turkey, Denmark, Spain, Italy, France and other countries. Ratings of a number of electric motors have been laudatory in Belgium. Guaranteed exports of these are a precondition for conducting an aggressive market policy. In cases where ratings of export products are middling, our producers of these must without delay set about improving their design and technology so that the improved products will come out in the international market in the shortest possible time and, backed up by good advertising, take their place in the international rankings. Thus the Western firm's original hesitation and mistrust will be overcome and a campaign to win recognition can begin. If the worst comes to the worst and the ratings of some products are unsatisfactory, they must be withdrawn from our export list without delay, and their production--it goes without saying--must be halted.

A number of Bulgarian foreign trade organizations, as well as plants and combines, have made a name for themselves among their Western partners with the high quality of the products they offer. Ranking first on this score are "Mashinoeksport" [Machinery Export] and "Balkankarimpeks" [Balkan Truck Import and Export], whose export products are bought by more than 60 countries on almost all the continents on the globe. To be sure, "Elektroimpeks" [Electric Equipment Import and Export] or "Izot Marketing," "Tekhnoimport" etc. have many successes, too. And among plants the leading ones are ZMM [Metal-Cutting Machinery Plant] in Sofia, the "6th of September" KE [Combine for Electric Trucks] in Sofia, the "Rekord" KE in Plovdiv, the "Elprom" [Electric Power Industry Enterprise] KE and "Mashstroy" [Machine Building] KE in Troyan, whose output is in demand in countries outside the European continent. Their output is well known in the developed capitalist countries. The success they have achieved is a guarantee that conditions exist for expanding the ground that has been won. In production, new products or new modifications must continuously be introduced that will meed the rapidly changing demands and needs of the market. The successful sale of one product always engenders new needs and gives rise to demand. And this is the way to active penetration when, with every new demand, our producer is ready to respond with an improved and perfected product or modification thereof, one after another.

Quality, but Publicity Too

Sales of output, even of the highest standard, require highly developed advertising and information activity. Unfortunately, much still remains to be desired here. To begin with, short announcements must be made of new things not only in the mass information media--press, radio and television, but also through the appropriate channels abroad to possible partners or to those existing at the moment. The catalogues, prospectuses and other printed publicity materials that are prepared must be of a very high standard not only linguistically, but also artistically and

typographically. Addressed by name to specific partners rather than circulated at large, they will have very great effect and impact. Making a great number of high-standard advertising and popular-science films which will demonstrate the technological and production possibilities of our products will contribute very actively to acquainting Western partners with the advances and achievements of Bulgarian machine builders. The information and advertising activities of our exporters of Bulgarian machine-building output must be expertly adapted to the characteristics of each individual country.

An analysis of information and advertising activity shows that the techniques used by our foreign trade organizations are very old-fashioned and hence ineffective. In other cases this activity can be assessed as belated or borrowed from the already tested techniques of famous trading companies and firms. It can be said that only in rare cases--and that in isolated countries--is truly original, timely, and specifically targeted advertising or information for our products to be noted. Wherever well researched market forecasts indicate that promising zones for Bulgarian industrial output are opening up, advertising and information activity must be concentrated and intensified to prepare any interested circles for the appearance of Bulgarian products. Thus, within the limits of this activity, our trading and industrial partners will get a clearer idea of Bulgarian exporters.

> During the Eighth Five-Year Plan--a five-year period under conditions of scientific and technical progress, cooperation with foreign firms in production, scientific and technical, developmental, applications, marketing and other activities will contribute to modernizing and raising the level of our machine-building and electronics industry. The necessary preconditions will be brought about for the creation and mastery of new, highly efficient products that measure up to the highest world standard.

6474
CSO: 2200/121

INDUSTRIAL PRODUCTION DURING JANUARY-MAY PERIOD, COMMENT

Sofia IKONOMICHESKI ZHIVOT in Bulgarian 23 Jun 82 p 6

[Release by Committee on Integrated System of Social Information]

[Text] During the January-May period the volume of industrial production increased 4.1 percent over the corresponding period of last year. The 5-month plan for the production of commodity output was overfulfilled by 3.0 percent, while the plan for monetary receipts from the sale thereof was overfulfilled by 3.4 percent.

Broken down by individual ministries and departments, fulfillment of the 5-month plan for the production and sale of commodity output was as follows:

Ministries (departments)	Commodity output produced	Commodity output sold
TOTAL	103.0	103.4
including:		
Ministry of Power Supply	101.3	102.1
Ministry of Chemical Industry	101.8	101.7
Ministry of Machine Building and Electronics	102.5	103.2
Ministry of Light Industry	103.4	101.0
National Agroindustrial Union (excluding agricultural organizations)	104.5	108.5
Ministry of Construction and Architecture	101.3	99.1
Ministry of Metallurgy and Mineral Resources	100.2	102.3
Ministry of Transportation	102.3	102.3
Ministry of Forests and Forest Industry	104.3	102.7
Ministry of Internal Trade and Public Services	104.7	103.4
Ministry of Communications	101.5	101.5
Capital City People's Council	105.4	104.2
Central Cooperative Union	102.6	99.4

The production of certain basic industrial products during the January-May period and the rate of growth as compared with the same period last year were as follows:

Basic industrial product/unit	Output produced	Rate of growth, %
Electric power, 000,000 kwhr	17,263	107.3
Coal, 000 tons	14,661	112.0
Briquets, 000 tons	635	102.8
Cast iron, 000 tons	707	107.9
Rolled ferrous metals, 000 tons	1,421	104.1
Internal combustion engines, each	9,504	118.8
Machine tools, each	3,914	102.1
Motor trucks, each	9,242	110.0
Electrotelphers, each	50,456	104.4
Power tools, lots of 1000	139	101.4
Nitrogen fertilizers, 000 tons	330	103.4
Cement, 000 tons	2,276	104.1
Bricks, lots of 1,000,000	514	100.3
Large reinforced concrete panels, 000 cu m	553	112.6
Paper, 000 tons	147	103.6
Sheet glass, 000 sq m	10,938	111.4
Household glassware, 000 leva	14,503	114.1
Cotton fabrics, 000,000 m	149	103.1
Woolen fabrics, 000,000 m	16	104.6
Knit outerwear, 000 garments	22,499	108.6
Sewn goods, 000,000 leva	296	114.3
Shoes (excluding rubbers and house-slippers), 000 pairs	8,462	103.1
Meat, 000 tons	184	108.7
Meat products, 000 tons	37	101.0
Butter, 000 tons	9	105.7
Brynza [sheep's milk cheese], 000 tons	45	103.0
Kashkaval [yellow cheese], 000 tons	11	109.9
Sugar, 000 tons	166	100.9
Treated fermented tobacco, 000 tons	58	106.5
Tobacco products, 000 tons	37	101.2

Comment

The report data for industry during the first 5 months of the year show that considerable overfulfillment of the production program was achieved. Commodity production was 422 million leva more, which is 3 percent more, than the state planned targets for the January-May period. More than the targeted quantities of products of special importance for the national economy were produced.

At the same time, it must be noted that in recent months a certain slackening is discernible in work pace. Thus, in May the production rate was lower than that achieved in the fourth month, as a result of which growth declined from 4.9 to 4.6 percent for the January-May period. In many enterprises and economic organizations

funds from the sale of output were not received in good time due mainly to the uneven flow of production. During the 5-mohth period 21 percent of the enterprises fell behind in respect of this indicator.

As analysis shows, the underlying reasons for this are, to a considerable extent, the irregular receipt of raw materials and supplies, as well as subcontracted items. At the same time, many weaknesses of an intraorganizational and subjective character, resulting in less than a full workload for production capacities and manpower, in inefficient use and, in many cases, waste of raw materials and supplies, continued to exert substantial influence. Successful achievement of the counterplan for the first half, minus the laggard enterprises and economic organizations, depends, to a great degree, on the timely overcoming of these weaknesses.

6474
CSO: 2200/121

SHORTAGE OF JOBS FOR GRADUATES IN ECONOMICS, ACCOUNTING DISCUSSED

Sofia OTECHESTVEN FRONT in Bulgarian 30 Jun 82 p 2

[Article by Sofiya Yoveva: "Unclear Meaning of 'Coordination' and 'Regulation']

> [Text] Are there suitable jobs for 5-year term Sofia Economic Technical School graduates? Skilled economists-accountants work as salesclerks.

Secondary economic studies are popular in our country and many young men and women will be applying for such training. Every year there are five applicants for each available student vacancy. The strictly selected and "finely screened" lucky applicants will sign their first serious declaration in life pledging to work wherever they are assigned by society, after which they will begin their difficult economic studies.

Finally, after taking their state examination, they will be issued a diploma in "Economic Organization and Planning in Industry and Construction" or "Machine Processing of Economic Data." The skill -- economist-accountant or programmer-operator -- is clearly specified on the diploma. Along with it, the young person is also issued a job appointment letter.

This procedure has been followed for many years at the Economic Technical School in Sofia, which inherited from the old commercial secondary school not only its solid red-colored building with a tower and a clock but the tradition of training economists and accountants in demand.

However, for the last 2 years a different situation has prevailed. The job offers which the technical school receives from the city's labor inspectorate have been insufficient. We tried to compensate for the shortage of openings by letting the students themselves look for positions and submit to us letters of appointment. This proved to be difficult, as confirmed by the records on placing young specialists who graduated at the end of the 1980/1981 school year: 67 of the 214 graduates were hired by the Sofia City People's Council, which means that the students of two classes had not found jobs. Nostalgically we remember the time when, talking to us "in private" the students would ask us about ways to avoid their assignments and look for work by themselves. We ask ourselves why is it that when Sofia had a population of

750,000 it had openings for the students of eight or 10 classes of senior grade students, whereas now, with its one million population, it finds it difficult to place the students of six (1981) or even five (1982) classes?

In all likelyhood, this is due to a number of reasons. Production enterprises are not observing strictly and irrevocably the rule on the retirement of economic-accounting specialists, as is the case with teachers. Obviously, some enterprises find it more convenient to keep on the job the old specialists with their solid experience, rather than hire young people with unknown qualities and creative aspirations.

There may also exist a certain disproportion between graduates with higher and secondary economic training. In our view, the ratio should not exceed 3-5 university graduates per 100 secondary-school graduates.

In considering the reasons for this anomaly in our comprehensively coordinated many-faceted life, let us remember Council of Ministers Decree No 50 of November 1979 with its accompanying table of organization. It stipulated that the initial salary of people with specialized technical training is 135 leva. Both students and teachers were pleased. We did not know then that graduates of technical schools with a technical skill and specialized training were not considered specialists in terms of the T/O, which meant that they were to be paid the same as graduates of unified secondary vocational schools, i.e., 120 leva. Until then managers reporting available openings requested of the labor inspectorate to be given economic technical school graduates. Now the situation is different. Secondary vocational school and economic technical school graduates have been granted equal status and the advantage enjoyed the latter is only in terms of higher wage ceilings.

We discussed the matter with Comrade Nikolina Ilieva, director of the Blagoevski Rayon branch of the State Savings Bank:

"Naturally, we prefer cadres with economic training. They come very well prepared. The work we do is fast, difficult and noisy. It involves dealing with the public. In the past, when we were short of economic specialists, we were forced to hire temporarily secondary school graduates in order to preserve job openings for technical school graduates. This is no longer mandatory. According to the old table of organization, the specialists' salary was 5 percent higher. This was an incentive. Now they are equal to the others. The practical result is that every specialist who is a graduate of a technical school trains newly hired secondary vocational school graduates without receiving more pay. We have very few jobs for people with higher training. They are unwilling to work for us because they are mandatorily assigned to man booths and do the work of secondary school graduates."

Mariya Parpulova, a graduate of the Economics Technical School has been with the Blagoevski Rayon branch of the State Savings Bank 3 years. She says:

"I am impatiently waiting for the end of my assignment term. I shall be looking for work elsewhere. They raised my salary to 135 leva but the work is very intensive and we have to help others all the time."

But her eyes lit up when we told her of the request made by Director Ilieva: "Please ask her not to leave us."

Ivan Mikahylov, director of the Sofia city branch of the State Savings Bank, said virtually the same thing:

"Graduates of the secondary vocational school do not even know what the words credit and debit mean. They are trained by Economic Technical School graduates. As to graduating students, I am prepared to sign with the technical school principal a contract for hiring some 20 graduates."

Unwittingly we compared these 20 with the 178 people who are graduating this year. Only three among them were not admitted to take the state examination. However, this is a matter for the labor inspectorate.

The Coordination and Control of Cadre Training Department of the Sofia City Labor Inspectorate answered the question of this year's job openings for Economic Technical School graduates briefly:

"Naturally, there will be openings. However, retraining may be necessary to meet the requirements of the Ministry of Internal Trade and Public Services."

"You mean salesclerks?" The answer was in the affirmative, supported by a quote from the ministerial decree.

For some reason, the very familiar words "coordination" and "control" on the office door assume a rather strange and confused meaning.

The Ministry of Internal Trade and Public Services has its own vocational training centers managed by its Food Products, Narmag, Public Catering, TsUM and other directorates, which offer short training and retraining courses for the salesclerks, managers, cashiers and storekeepers they need.

Could the final result be that a diploma issued by an economic technical school would have to be supplemented by a vocational training center diploma so that a graduate economist-accountant may become a salesclerk?

It becomes necessary to ask if secondary economics cadres are not being underestimated. Are human hopes, the efforts of youngsters and teachers and millions of leva of the people's money not being irresponsibly wasted?

Let us recall the paternal concern expressed in Comrade Todor Zhivkov's letter to the Komsomol Central Committee:

"Can we be satisfied when in some cases specialists are trained but are not given work consistent with their training and skills because of planning shortcomings and subjectivism?"

5003
CSO: 2200/123

INDUSTRIAL ORIENTATION TO FOREIGN PRICING URGED

Prague HOSPODARSKE NOVINY in Czech 21 May 82 pp 8-9

[Article by Jaroslav Rod, Czechoslovak State Bank, and Lubomir Hejl, Federal Ministry of Finance: "One Cannot Look at the World Markets through Rose-Colored Glasses"]

[Text] As is known the "Set of Measures for Improving the Planned Management System of the National Economy" was drafted as the summary of principles of management during the Seventh Five-Year Plan already in the first stages of preliminary draft of the Seventh Five-Year Plan. The situation in the world economy and trends existing at that time served as the basis for the forecasts of the future development of economic conditions in the world. Those forecasts pursued a double purpose: they specified both the directions of further development of the Czechoslovak economy and orientation to its more active participation in international division of labor particularly within socialist economic integration. The forecasts for both these areas were, logically, based on the developmental trends anticipated at that time.

Let us recall in this context the speculations from that time on the prospects of attaining a fuel-energy balance, speculations about management of metals which were based on the preceding expansion of the primary processing basis and so on. The underlying idea of these and similar speculations also in other sectors of the national economy was that one of the fundamental purposes of participation of the Czechoslovak economy in international division of labor would be the exploitation of foreign raw materials resources. This logically called for long-term securing of these resources for the national economy also in the future.

These intentions, with all consequences for the domestic economy, were projected into the then drafted plan of economic and social development during the Seventh Five-Year Plan. Not only that: the ensuring of these developmental trends was indirectly reflected also in the "Set of Measures."

The basis of those forecasts was later on undermined by the actual development of prices of key industrial raw materials, by the change in the political climate in the world and last but not least also by the accelerating pace of scientific-technological progress and its direct impact on the production

increase which aimed simultaneously at production intensification and reduction of energy and material consumption. In addition, technical development in the domestic economy lagged behind and its achievements were applied in production with delay.

This inadequate pace of scientific-technical progress and the delayed application of its results in production (and this factor still affects the situation) caused that the prices of our products exported to foreign countries lagged behind the price development in the world. The concurrence of these tendencies has resulted in the present unfavorable exchange relations which in turn increase the demand for additional sources of foreign exchange.

These interrelated circumstances led to the following logical conclusion: the bigger will be the participation of the Czechoslovak economy in international division of labor while the existing proportions remain unchanged, the more will the tension between the supply of and demand for foreign exchange deteriorate. This negative consequence results from the fact that the effort to increase exports necessitates simultaneously a more rapid increase in imports which, while the present value relations in exports and imports are maintained, further increases the tension in external economic relations.

Quantitative Increase in Exports Does Not Solve the Problem

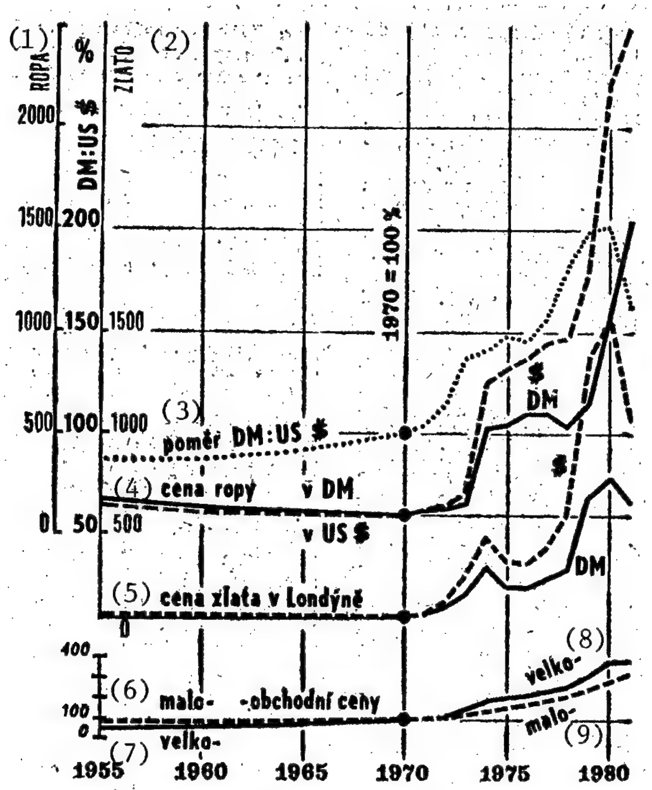
Evidently the only way out of this situation is the planned creation of conditions for a radical change in this unfavorable development. The way to achieve this goal is the gradual reduction of needs of imported raw materials in favor of imports of finished products, and in the area of exports creation of conditions for more rapid scientific-technological progress and prompt application of its achievements in production in order to innovate products and to achieve at least a comparable increase in the prices of Czechoslovak products with the competitive products on the world market.

These two tendencies are not contradictory, but on the contrary can be reconciled. The point is to prevent further development of the tendency to gain additional sources of foreign exchange by increasing the volume of production for exports, while preserving the present structure of participation of the Czechoslovak economy in international division of labor. The effort to reduce tension in foreign exchange relations while maintaining the above approach not only delays the basic solution of this problem by improving the quality and technical parameters, but in fact does not solve anything because, as pointed out above, a systematic increase in material exports can neither permanently nor essentially in a short run ease the existing tension between the supply of and demand for foreign exchange. Such an approach does not eliminate the very causes of this situation.

It is certainly not necessary to discuss in detail that what has been said of production for export should generally apply to entire production because the direction described above would simultaneously create conditions for

saving social labor by exchange of exports for imports in the area of finished products.

Characteristic of Price Development



KEY: (1) Crude oil
(2) Gold
(3) Relation between DM (Deutsche Mark) and U.S. dollars
(4) Crude oil price in DM and in U.S. dollars
(5) Gold price in London
(6) Retail prices
(7) Wholesale prices
(8) Wholesale prices
(9) Retail prices

For illustration of the price development in the world, the diagram shows selected commodities characterizing the development of prices of raw materials (gold, crude oil) and shifts in the standards of value relations (relation between U.S. $ and DM [Deutsche Mark]) in comparison with the trend in prices of finished products both in international trade and domestic consumer market.

The shifts in value relations on the world market are so significant that they cannot be ignored not only in planning developmental tendencies, but

obviously also in devising the entire system of management of the national economy. Naturally, under no circumstances will this mean a simple transfer of these relations to the domestic economy, because their changes and constant fluctuation must be always taken into account. It must be consistently borne in mind that the value relations are constantly variable and every short- or long-term plan of development of the national economy must dispose of this fact.

The importance of this knowledge is reinforced by the fact that on the world market there is a long-term tension between the resources and needs which is transmitted also to the domestic economies of individual states. All these processes lead to the conclusion that the development of the national economy must be based primarily on the domestic resources and their maximum mobilization and rational utilization. A balanced and dynamic development of the national economy over a long period is impossible without taking into account the changes in the world situation. This means that the economic development should follow its specific road which corresponds to the possibilities, conditions and resources of the national economy. It should take into account the changes in developmental tendencies and not succumb to the tendencies overestimating the effect of external economic relations on the one hand or underestimating them on the other.

Ineffective Forms of Management

It is obvious from the above that it is necessary to find a correct scope for the effect of external economic relations on the development of the national economy. Furthermore, it is necessary to project this effect into the entire system of management both in the area of the plan and the area of economic tools. This requirement follows from the accelerated pace of changes in the level and relations of economic quantities. These changes must be promptly and flexibly reflected in the domestic economy so that its individual sectors can correctly and in time use these facts for further orientation of their development.

It is obvious that this orientation must be anticipated and secured by the plan, and that the economic tools must direct the enterprise sphere to meeting all-society needs and implementation of the planned development. It cannot be presumed that the complex economic processes and their constant changes which take place unevenly and with the variable effect of accelerating scientific-technological progress can be controlled by the present, no longer sufficiently effective forms of management.

The general requirement for improving the system of management must be not only that it must register technical progress in the world, but also react to it and provide for a purposeful and goal-oriented process which will create, according to a plan, conditions in the scientific-technical and development basis for its development in accordance with the world trend, and will lead to the continuous and prompt application of its achievements in production.

Some elements of this requirement have already been incorporated in the principles underlying the "Set of Measures for Improving the System of Planned Management of the National Economy." However, when the "Set of Measures" was drafted, some of the present factors did not yet exist or were not known or could not be even anticipated.

The development has reached a stage, when it is becoming definitely clear that a balanced development of external economic relations is of key importance to the development of the national economy. This fact demonstrates that the increasing social needs in all areas can be met only, if an even and dynamically balanced development of the foreign exchange situation is secured for a long period. This can be achieved by the gradual creation of conditions for a surplus in the balance of payments.

The economic mechanism must provide for the correct function of external economic relations in the entire system of management of the national economy--beginning with the plan of its individual areas, from science to technical progress to production (all the way to enterprise khozraschet, including its appropriate effect on individual workers participating in the production process). Effectiveness of the economic mechanism is strengthened by the economic tools among which foreign exchange incentives are linked directly to the balance of payments and its needs.

This tool does not work in isolation and must be considered in all contexts of the management system. It is therefore necessary to emphasize that all other parts of economic mechanism should work in the same direction and mutually complement one another.

The commodity exchange plays the key part in external economic relations because through it our economy participates in international division of labor. From this the following conclusion must be drawn: the more intensive is the participation of the national economy in international division of labor, the more urgent is the need to take into account the role of external conditions in the functioning of economic mechanism. The extent of participation of Czechoslovak economy in international division of labor is thus also the criterion for the extent to which the factors of external economic relations in the management system of the national economy must be taken into account.

Importance of External Relations Is Increasing

Czechoslovakia is among the states with the economy in which external relations play an important role. This is due particularly to the fact that the share of exports in the production of the national income has been increasing. While the national income increased 194.5 percent, exports increased 478.4 percent in the last 20 years. This marked difference resulted from the different pace of price development between the wholesale and foreign prices with the pace of wholesale price development being slower. Nevertheless, the volume increase still plays an important role.

It is thus obvious that the increasing role of external economic relations in the Czechoslovaka national economy is of a long-term nature. This

characteristic must be borne in mind in the evaluation of the foreign trade role, in the drawing up the plans, in price policy as well as in the entire system of economic tools.

These facts, however, must not be judged in absolute terms without taking their relation to the world trends. This is clear from the data on the development of CSSR exports in comparison with the exports in the entire world and exports by selected states (Table 1).

Table 1

Trend in Foreign Trade Volume during 1960-1980 Period (1960 = 100)

	1965	1970	1975	1980
World	145,9	247,4	694,4	1605,6
CSSR	139,4	196,4	433,7	773,6
Belgium	168,6	306,1	759,9	1690,5
Finland	144,4	233,3	555,6	1430,3
France	148,2	263,5	773,2	1619,4
Netherlands	158,8	292,1	871,0	1833,0
Austria	168,6	306,1	759,9	1690,5

Table 1 reveals that CSSR exports increased at a slower pace than exports by other countries and that this lower rate can be described as significant. From the national economic standpoint it indicates that:

--the Czechoslovak economy joins more slowly in international division of labor and consequently cannot make full use of the advantages offered by this form of international economic cooperation;

--effectiveness of the Czechoslovak economy lags behind the world development because the possibilities of reducing social labor through international commodity exchange are not sufficiently used;

--the results of scientific-technological progress in the world are insufficiently used in favor of the Czechoslovak economic development;

--the level of the reproduction basis relatively lags behind as does simultaneously and logically also the reproduction and modernization of the production basis with all consequences for quality, assortment and production volume.

In sum, these circumstances adversely affect the development of the level of productive forces and slow down the economic development. Concentrated attention must therefore be paid to the role of external economic relations in the entire national economy.

World Prices are the Yardstick

In examining this unfavorable development it must be borne in mind that it is not enough to achieve an increase in external economic relations, but that

this increase must attain a certain minimum pace corresponding at least to the worldwide average. Moreover, it is necessary to determine whether even such a pace is adequate for the Czechoslovak economy under the existing conditions. The increase in external economic relations undoubtedly is one of the key factors which must be taken into consideration in actual planning and management, but also in devising their methodology.

It must not be overlooked also that the price development is one of the important factors in increasing the volume of external economic relations. It is necessary not only to cover the ongoing worldwide inflation by this term, but also to choose a suitable method by means of which the price increase resulting from the better use qualities of exported products could be determined. In other words: in addition to inflation, the price increase reflects also the rising quality of products, their technical and use parameters, fashionable design and last but not least also the innovations and standard of postsale service. It is imperative to achieve price increases without increases in material or energy consumption which otherwise would be adversely reflected in smaller export effect.

The desirable price increase can be undoubtedly influenced also by the quality, standard and form of merchandising. The forms of trading must be adapted to the increasing international division of labor, and new, progressive, unconventional forms must be devised. This aspect of international commodity exchange also can play an important and irreplaceable role in achieving profitable prices of our products exported abroad and thus also in the production of foreign exchange.

It is clear from the above that the price development requires systematic examination and evaluation. The findings must be actively used in management of price policy. The level and relations of fetched prices as compared with the comparable world prices must be regarded as the important criterion of efficiency of our entire economy. The price increases and increases in exports require systematic attention and the corresponding quality of management.

Table 2

Indexes of Export Share in National Income during 1955-1980 Period (1955 = 100)

	1960	1965	1970	1975	1980
Belgium	103	114	138	144	188
Denmark	100	91	88	90	102
Finland	106	101	132	120	172
Netherlands	106	95	99	112	120
Italy	117	136	157	197	212
Norway	103	100	106	107	125
Austria	119	122	152	167	193
Sweden	109	97	103	132	136
Switzerland	108	110	117	111	129

France	100	93	104	126	147
Japan	102	102	108	126	141
FRG	100	96	114	136	150
USA	110	110	125	192	230
Great Britain	93	85	104	123	136

Table 2 illustrates how exports participated in the production of the national income in individual industrialized capitalist states. From this table it is clear that this share was somewhat increasing or stagnated up to the end of the 1960's which indicated certain differentiation or unevenness of development. In the 1970's, however, this share rapidly increased virtually in all states (with the exception of Denmark) though at different intensity. The increased share of exports in the national income, however, is typical of all states. The development can be described as the result to a certain extent of scientific-technological revolution. In addition, of course, the long-term process of concentration of capital takes place in all developed capitalist states which is reflected among other things in mergers and production specialization to which scientific-technologically revolution likewise contributes. Both these tendencies manifest themselves in the rapidly accelerating rate of participation of national economies in international division of labor. This process was previously confined to so-called small economies, but later on, that is in the recent years, it extended to include also so-called big economies which were called autonomous [self-sufficient] in some instances before.

The possibility of comparison of this development in the world with the development of our economy is limited because of the different nature of data involved. Nevertheless it is possible to state that the role of external economic relations in the Czechoslovak economy has not increased at a comparable pace. Big possibilities still exist in this respect which have not been used so far. The point, however, is not to achieve any higher degree of participation in international division of labor by increased commodity exchange, but rather to achieve higher economic effect by the increased participation.

Basic Condition of Effective Development

The characteristic of development of the Czechoslovak economy from the standpoint of foreign trade requires to focus attention on the creation of conditions for a development comparable with other states. Moreover, we must proceed from the need to increase rational participation of our economy in international division of labor in the manner which will secure a positive effect.

To put it briefly, every economic production unit, every enterprise, every cooperative, in other words every workplace must concretely clarify and formulate tasks for itself which will result in savings and improving the balance of payments. Effort at all levels of management must concentrate on this area and their own work as well as the work of all subordinated units must be organized purposefully as to follow the most economical course of action from the standpoint of its impact on the balance of payments.

Naturally, the same criterion must be observed in the actual implementation of planned tasks.

The entire system of management of the national economy must be improved and constantly developed in order to intensively and positively use international commodity exchange for achieving savings of social labor. To measure savings of social labor and to correctly evaluate the enacted measures, the criteria must be formulated which will provide the necessary amount of information and from which both the necessary inputs in the plan and effective incentives will be derived.

Economic activity of all sectors of the national economy is reflected in the balance of payments--in the values customarily used in the international economic relations. The balance of payments does not reflect the domestic price level as expressed in wholesale prices, but the prices attained on the foreign markets including the terms of payment. The balance of payments thus offers the picture of overall balance of the entire national economy in relation to the foreign countries.

From this fact it follows that:

--wholesale prices should conform to the value relations formed on the foreign markets as the standard of value recognized by the entire world. This, of course, does not mean that any prices, that is including boom and speculation influences, should be haphazardly carried over. It is, however, necessary to carry over the objective changes in value relations which reflect the level of productive forces in the world in order to provide necessary information to the planning authorities for the formulation of the plan;

--the foreign price level must be realistically and purposefully applied to the domestic economy in order to maintain a proportionate development of the national economy and to create conditions for maintaining a balance in external economic relations;

--the mechanism for reflecting foreign price influences should possess the necessary degree of time adaptability so that the planning authorities be readily informed of the level and development of value relations reflecting the development of productive forces in the world;

--it is necessary to continuously verify the balance in external economic relations in order to determine whether there is prompt and correct reaction to the ongoing development in the world and to prevent the upsetting of the balance in external economic relations, already built-in the plan, by the changing value relations.

From all these facts, the following unequivocal conclusion must be drawn: the unquestionable priority status of the balance of payments is the fundamental prerequisite for the positive development of the national economy. To promote a favorable development of the balance of payments it is imperative:

--in the area of production to pay systematic attention to increasing the manufacture of competitive products in terms of all parameters of use value, quality, reliable performance and postsale services. At the same time, production should use domestic resources to the maximum possible extent and exercise maximum economy in handling and utilization of imported raw and industrial materials, energy and machinery;

--in actual exports to ensure orientation to achieving maximum possible receipts, among other things through the most favorable terms of payments and the collection in the most valuable currencies;

--in the preproduction stages to create conditions for coordination of development with the world conditions in order to plan manufacture primarily of those products which to a maximum possible degree meet the requirement of maintaining a dynamically balanced development of the balance of payments.

The system of national economic planning is of key importance to attain this goal. The system of foreign exchange incentives is the operative tool which is purposefully and exclusively directed to affect the balance of payments. In addition, however, there is an entire system of economic and bank-financial tools which are used simultaneously, but must not cancel one another.

The entire system of management of the national economy, beginning with the plan and ending in khozraschet, must uniformly and spontaneously permeate all units of economic mechanism in order to achieve the best possible results in the balance of payments. It is necessary to systematically verify, whether some unit of economic mechanism does not deviate from this fundamental line. The maximum unity must be attained between the foreign exchange effect and material and financial planning and incentives within khozraschet in Kcs.

10501
CSO: 2400/295

AGRICULTURAL LOANS FOR SMALL-SCALE BREEDERS AND GROWERS EXPLAINED

Prague ZEMEDELSKE NOVINY in Czech 17 Jun 82 p 3

[Article by Eng Zdenka Rodova and Eng Milan Odehnal, CSR Ministry of Finance: "Granting of More Favorable Loans to Small Breeders and Growers"]

[Text] Following the fourth meeting of the CPCZ Central Committee more favorable credit assistance has been offered beginning 29 March 1982 to small scale breeders and growers and their organizations to promote production and more effective utilization of agricultural land.

Up to now the Czech State Savings Bank extended loans to small scale breeders for financing cost of breeding domestic animals and to the growers for cultivation of agricultural products at the 8 percent interest and maturity ranging from 3 to 5 years.

Special interest associations of small-scale breeders and growers were granted loans at 5-6 percent interest depending on the repayment period.

New terms for granting loans to small scale breeders and growers and to their organizations are based on the principles of offering substantially more favorable credit to the population and special-interest organizations to promote food production and better land use.

In accordance with these conditions the Czech State Savings Bank now advances the following types of loans:

Loans to Small Scale Breeders and Growers

There are two types of loans depending on the purpose:

1. Loans for operating costs of economic activity, that is, for purchasing domestic animals for contract-feeding, for breeding of domestic animals, for the purchase of seed for sowing, seedlings, nursery-grown plants, chemicals and other supplies necessary for increasing small-scale animal production and cultivation of agricultural products (decorative plants are excluded).

The savings bank can grant loans up to Kcs 5,000. The interest rate ranges from 4 to 5 percent. Of key importance for a specific interest rate is the membership of the citizen in some of special-interest organizations of small scale breeders

and growers, particularly in Czech Union of Breeders, Czech Union of Small Garden Plot Holders (zahradkari), Czech Union of Fishermen, Czech Union of Hunters or Czech Union of Bee-Keepers.

When applying for the loan, the members of unions submit their membership card to the savings bank which proves that they are members of the organization and pay membership fees regularly.

The savings bank will advance loans to other citizens at 5 percent interest. The due date will be set individually in accordance with the production cycle, but no later than 2 years from signing the loan agreement.

2. Loans for the purchase of facilities and equipment necessary for breeding and feeding of domestic animals and cultivation of agricultural products excepting decorative plants), or for the construction, adaptation and repairs of facilities designed for small-scale breeding and growing, including protective fencing, implements and tools.

Loans up to Kcs 20,000 can be granted at 4 percent interest to the members of special-interest organizations and at 5 percent interest to other citizens. The due date may be set from 2 to 5 years.

In order to reduce paper work and simplify the procedure for the citizens, these types of loans apply to new construction projects, remodelling, additions and superstructures to the existing buildings designed for feeding of small animals and small agricultural structures which do not require a special building permit according to the building code 50/1976 of SBIRKA. The applicant for the loan simply submits a written statement from building authority to the savings bank that there are no objections to the respective project.

A notification to the building authority is sufficient in regard to minor adaptations which are supplementary to the function of the main structure and do not substantially affect the environment; remodelling which does not alter the appearance of the original structure, its present use or does not endanger society's interests. Notification is necessary of the projects might affect the stability of the existing structure, fire safety or appearance of the structure or living environment.

Loans can also be granted for construction projects that do not need building approval (for example vineyards and hop-gardens).

It is assumed that the total amount of both types of loans will be advanced usually in a lump sum. If the nature of operations on which the credit was granted requires, the applicant may arrange for gradual withdrawals of the loan but no later than one year from signing the loan agreement.

The savings bank advances the loan through cashless transfers to the account of the respective socialist organization which is engaged in sale of domestic animals, deliveries of fodder for their feeding, sale of seedlings, fertilizers, building materials and so on. The savings bank will pay the invoices issued by the respective purchasing, supply or construction organizations.

In exceptional instances, a part of the loan can be paid in cash to cover the expenditures which cannot be paid for by cashless transfers. This applies particularly to those instances, when the applicant carries out the project (part of the project) on his own and needs to buy necessary material for this purpose, and so on.

In view of the fact that the loans to the population are advanced by the savings bank partly from the deposited funds of other citizens and depositors, these loans must be backed by the guarantee that they will be repaid. The savings bank secures a regular repayment of the loans in accordance with the agreement with the citizen or loan applicant, in some of the routine forms.

The savings bank can grant more than one loan to an applicant. This additional loan can be granted before the repayment of the first loan only, if its proper repayment within the specified period is fully guaranteed.

Credits to the Czech Union of Breeders, Czech Union of Small Garden Plot Holders, Czech Union of Fishermen, Czech Union of Hunters and Czech Union of Bee-Keepers

These credits are granted by the Czech State Savings Bank for purposes closely related to their activity and mission, that is for the costs of cultivating fallow arid land, growing of agricultural plant products (excepting decorative plants) or breeding of small domestic animals.

Like the loans to small breeders and growers, credits to the special-interest associations are granted as operating credits for operating costs and investment credits for the construction and adaptation of buildings, purchase and repair of equipment and facilities for small scale breeding and growing, including protective fencing and implements.

The amount of operating credit is not specified, while the amount of investment credit is given by the approved budget of the project on which credit is extended.

There is a uniform 4 percent interest rate for both types of credit. The due date for operating credit is up to 2 years, and for investment credit up to 5 years.

To grant loans the savings bank requires a written application from the appropriate organization. In its application, the organization will state the purpose of credit, the requested amount, anticipated cost of the project and the suggested financial and material collateral for the project to be covered by credit. Depending upon the nature of the loan, the application should be supported by detailed calculation such as budget of profitability of equipment or project, and a statement on from what funds and during what period credit is to be repaid.

In principle credits can be drawn upon through cashless transfers on the basis of invoices and proper orders for payment from the organization to which credit was granted. In exceptional instances, small amounts can also be withdrawn in cash.

The savings bank controls the withdrawals of funds from the credited amount and does not permit their use for any other but specified purpose. At the same time, it follows up the progress in construction or implementation of the project, and promptly discusses the discovered shortcomings with the officials of the organization. If the defects are not removed within the period agreed upon or contract discipline is gravely violated, the savings bank can apply sanctions in accordance with the General Conditions for Granting credit.

The principles of credit assistance to small-scale breeders and growers and to their special-interest organizations as outlined above must be regarded in a certain sense as open. When small-scale economic activity expands, the loans can be adjusted on the basis of practical experience and supplemented so that they best meet the nature and needs of this activity.

10501
CSO: 2400/293

MID-1981 PURCHASING POWER OF EAST, WEST GERMAN MARKS COMPARED

West Berlin DIW-WOCHENBERICHT in German Vol 49 No 3, 21 Jan 82 pp 49-55

[Article by Charlotte Otto-Arnold and Heinz Vortmann, German Institute for Economic Research (DIW), West Berlin: "Comparison of Purchasing Power of West and East German Marks in Mid-1981"]

[Text] Since the last comparison of purchasing power,[1] consumer prices in the FRG have increased; in the GDR available consumer goods have also become more expensive. In addition, changes in income and shifts in the structure of consumption occurred in both German currency territories. A new comparison of purchasing power is to show the current differences in the purchasing power of both currencies for private consumption. The results, among other things, are an indispensable basis for comparing real wages.

On the Method of Computing Purchasing Power

The basis for computing purchasing power--according to the method of budget comparison--is the comparison of prices. Current prices for goods included in the FRG standard of living--apart from special observations--were taken from comprehensive official price statistics as well as mail-order catalogs; for the GDR data from official statistics and all additionally available price information, for instance, press reports, were analyzed.

A "genuine" price comparison, however, is difficult because frequently identical goods cannot be found. To be sure--as far as possible--similar goods were compared; nevertheless, the selection of goods is much more limited in the GDR than it is in the FRG. Frequently there are differences in the materials used, the manner of processing, the design and shape as well as the technical equipment. Under these circumstances it is particularly important to include the largest number of items possible; in this manner selection differences can be considered and possible deficiencies in the investigation can be compensated. Altogether approximately 550 kinds of goods were included in the computations.[2]

As a matter of principle, the differences in the availability of goods are not a factor in price comparisons. They are of significance, however, when an increase in demand keeps the prices stable. In the GDR it applies to quite a few items in the nonessential category (for instance, cars, color television sets, deep freezers). It results in an overvaluation of the GDR mark which cannot be quantified.

Another decisive factor is the weight (the scheme of weighing) that is used for these goods which constitute a market basket--representative of the standard of living which has been investigated. In both countries the sources are investigations of consumption[3] dealing with the structure of consumption for certain types of households. A meaningful comparison requires market baskets that are as similar as possible, i.e. market baskets that reflect the consumption of a similar type of household in a similar social position.

The new DIW computation refers to the average consumption of households which represent important groups of the population: four-person households in the workforce[4] and two-person households on retirement.[5, 6] The contents of the market baskets in the FRG as well as in the GDR were evaluated according to West German mark prices as well as to East German mark prices. The relative purchasing power is the result of two components:

--differences in prices,

--differences in the composition of market baskets.

In principle, the structure of consumption for both types of households in the FRG was established by using the scheme of weighing[7] based on price index figures for the standard of living. Because of difficulties that arose during the attempt of obtaining comparable data for the GDR, however, some of the positions of goods had to be modified.

Highly intricate schemes of weighing like those used in the FRG are not known for the GDR. The Statistical Yearbook of the GDR publishes only average expenditures of households and the divisions are very general. An additional subdivision was made on the basis of separate market research reports in the GDR, from consumption and supply statistics as well as from information about consumption preferences and habits of the population.

Relationship Between Prices and Purchasing Power According to Consumer Demand Categories

The systematics of consumption statistics are different in both areas and because of insufficient information from the GDR they could not be synchronized. Consequently there are variations in the division of expenditures according to categories of consumer demands in the tables for the FRG and for the GDR.

An essential difference in the structure of consumption is the fact that the category for services (excluding insurance, fees, automobile taxes) in the GDR consumes only about 13 percent of the income (household in workforce) because of very low prices, in the FRG, however, it takes up 30 percent. The proportion for food and luxury goods and for industrial products is appropriately higher in the GDR.

The market baskets of the FRG have more variety than those in the FRG. Particularly the weight of high-quality consumer goods, which are extremely expensive in the GDR, are less plentiful in the GDR market basket than in the FRG one. Nevertheless, goods offered in specialty shops and delicatessens were taken into consideration according to their assumed share of sales. Both market baskets included expenditures for insurance, fees and automobile taxes, although the value of the service is comparable only to a limited degree.

A special characteristic in the GDR price structure is the difference between essential--life-sustaining--goods and services and the remaining consumer goods. For essential goods and services--for instance, food, fees--prices are kept low through high state subsidies. The prices for most industrial products, particularly high-quality goods, are subject to heavy excise taxes (indirect taxes) which differ, are independent of cost but tied to the product. Services, on the other hand, generally are relatively cheap because of the low labor costs. Consequently, in comparison with prices in the FRG considerable differences become apparent; on one extreme the GDR price in marks is only one-tenth, on the other extreme it is ten times as high as the price in the FRG.

With respect to spending for food, prices for bread, potatoes and ordinary vegetables are particularly low in the GDR, but also meat and meat products and other basic food items cost less or very little more than they do in the FRG. Their share, as a part of total consumption, however, is lower here than in the GDR; the incomparably greater variety of food products offers more possibilities and a greater selection of better-quality products and more highly processed foods (for instance, choice vegetables, milk products, canned goods). In the GDR goods like that are sometimes only available in delicatessens. According to the type of household and market basket, calculations show that for expenditures of DM 100 between 87 and 108 marks would have been required in the GDR. For the four-person household the relative purchasing power of the mark was considerably higher--114 percent--according to GDR consumption conditions than according to FRG consumption conditions--93 percent.

Compared to the FRG, it is remarkably inexpensive in the GDR to eat in canteens and restaurants, which are divided into several price categories in the GDR. Only the prices in the more expensive category come close to the average level in the FRG; considering average consumption, the relative purchasing power of the GDR mark comes to 175 percent.

With respect to expenditures for luxury goods, conditions are the opposite. In this category the purchasing power of the GDR mark ranges between 42 and 57 percent. A very high price for coffee is largely responsible for it. For wine and liquor, consumers in the GDR have to pay twice as much, sometimes more than three times as much as in the FRG. For tobacco products the price relationship is closer, averaging 125 percent. It increases fast, however, when products of better quality are purchased, for instance, from the Western countries.

The expenditure category for rents, electricity, gas, fuels is characterized by extremely low prices in the GDR. Rents are only about one-fifth or one-third of those in the FRG, even in new buildings rents are very low because of very high

subsidies. The comparison of rents, however, could only be done in very general apartment categories. For rents an extraordinarily high purchasing power for the GDR mark could be established, averaging between 400 and 450 percent. Fees for electricity and gas have remained unchanged in the GDR for 20 years and are kept low by subsidies. In contrast to the firm unity prices in the GDR, prices in the FRG are much higher but they decline with growing consumption per unit. The purchasing power of the GDR mark, compared to the West German mark, varies between 200 and 250 percent. The comparison of expenditures for heating materials is only of limited validity. For private consumption in the GDR, brown coal briquettes are practically the only type of heating material available and, furthermore, only a limited quantity can be purchased at a special price; the coal is allocated and additional quantities are available at a higher price which, however, at M 3.60 per kilogram is only approximately 20 percent of the comparable price in the FRG. In the FRG, on the other hand, hard coal and heating oil constitute the biggest part of consumption. Consequently, the heating material was converted into hard coal units and the respective average prices per hard coal unit were compared with one another. The average parity of purchasing power is between 700 and 800 percent for the GDR mark.

Kaufkraftparitäten zwischen D-Mark und Mark der DDR Mitte 1981

1) berechnet nach der Verbrauchsstruktur in der Bundesrepublik Deutschland für ausgewählte Haushaltstypen

2) in vH

3) Ausgaben nach Bedarfsgruppen	4) Vier-Personen Arbeitnehmerhaushalt[1]		5) Zwei-Personen-Rentnerhaushalt[2]	
	6) Relative Kaufkraft der Mark der DDR 3)	7) Ausgabenanteile	6) Relative Kaufkraft der Mark der DDR 3)	7) Ausgabenanteile
8) Nahrungs- und Genußmittel	84	30,4	80	38,9
9) davon: Nahrungsmittel	93	20,8	96	29,6
10) Genußmittel	50	5,8	42	6,9
11) Verzehr in Gaststätten	172	3,8	169	2,4
12) Bekleidung und Schuhe	47	8,6	47	6,3
13) Wohnungsmiete	417	15,0	417	22,4
14) Elektrizität, Gas, Brennstoffe	303	5,0	323	7,7
15) Haushaltsführung	52	9,0	63	8,9
16) Verkehr und Nachrichtenübermittlung	79	13,7	185	5,4
17) Körper- und Gesundheitspflege 4)	88	2,5	114	3,2
18) Bildung und Unterhaltung	57	9,1	52	4,7
19) Persönliche Ausstattung, sonstige Waren und Dienstleistungen 5)	99	6,7	99	2,5
20) Lebenshaltung insgesamt	83	100,0	98	100,0
21) Lebenshaltung ohne Mieten	73	85,0	81	77,7

22) 1) Vier-Personen-Arbeitnehmerhaushalte mit mittlerem Einkommen des alleinverdienenden Haushaltsvorstands. 23) 2) Zwei-Personen-Haushalte von Renten- und Sozialhilfeempfängern. 24) 3) Die Kaufkraft der Mark in der DDR im Verhältnis zur D-Mark in der Bundesrepublik. 25) 4) Ohne Dienstleistungen für die Gesundheitspflege. 26) 5) Uhren, Schmuck, Taschnerwaren, Urlaub und Reisen, Dienstleistungen der Banken und Versicherungen, Gebühren, Kraftfahrzeugsteuern u.a.

27) Quelle: Berechnungen des DIW.

Table 1. Parities of Purchasing Power Between West German and East German Mark in Mid-1981

Key: 1. Computed according to the consumption structure in the FRG for selected types of households
2. By percentage
3. Expenditures according to category of goods
4. Four-person household in the workforce
5. Two-person household on retirement
6. Relative purchasing power of GDR mark
7. Percentage of expenditures
8. Food and luxury goods
9. Subdivision: food
10. Luxury goods
11. Meals in restaurants
12. Clothing and shoes
13. Apartment rent
14. Electricity, gas, fuels
15. Household management
16. Transportation and communications
17. Personal and health care
18. Education and entertainment
19. Personal items, other goods and services
20. Total cost of living
21. Cost of living without rent
22. Four-person household in workforce with medium income, head of household sole earner
23. Two-person household on retirement and social security
24. Purchasing power of the GDR mark in comparison to FRG mark
25. Without services for health care
26. Watches, jewelry, leather goods, vacation and travel, services of banks and insurance companies, fees, automobile taxes and other items
27. Source: DIW computations.

Approximately one-third of all expenditures for industrial goods in the GDR are for clothing, shoes and textiles,[8] in the FRG the proportion for this category is lower. Whereas in the GDR prices for shoes of low or medium quality are between 100 and 160 percent when compared to prices in West German marks for similar items in the FRG, the relationship of prices for textiles, either clothing or textiles for the home, are in part much higher. To be sure, there are also a few goods, above all, workclothes, some children's clothing and underwear, that are cheaper in the GDR than in the FRG, but outerwear, carpeting, curtains and household linens, on the average cost two and one-half times as much as in the FRG--for higher-quality goods it is more, for lower-quality goods it is less.

To be sure, during the last few years the selection of goods in this category has improved as a whole, but because prices rose simultaneously the relative purchasing power of the mark declined. For a four-person household in the GDR the purchasing power of the GDR mark compared to the purchasing power of the West German mark comes to only 50 percent; when the availability of a more plentiful selection for consumption in the FRG is taken into consideration, the purchasing power sinks even lower, to 43 percent. For the individual categories of goods it is as follows:

--76 percent for shoes,

--42 percent for clothing,

for ready-to-wear outerwear it is only 39 percent,

--39 percent for textiles for the home and household linens.

The category of household management includes durable consumer goods like furniture and electrotechnical appliances and consumer goods of everyday needs, for instance, kitchen appliances and utensils, cleaning agents. In general, consumer goods cost twice as much as they do in the FRG, in some instances even more; furniture, for instance--unless it is the simplest design--refrigerators and freezers even require outlays that are four to five times as high. More reasonable in the GDR, but most of the time still more expensive than in the FRG, are consumer goods like dishes, kitchen and household implements. Prices for tools and some cleaning agents in some instances are lower in the GDR than in the FRG; nevertheless, in this category there are still significant differences in quality. For the four-person household in the GDR and its consumption, the relative purchasing power in this category of expenditures amounts to an overall 51 percent:

--furniture	40 percent
--electric appliances	40 percent
--household and other goods	77 percent.

When compared with the FRG market basket, the resulting relationship is about the same.

The category of personal transportation includes expenses for the purchase and operation of privately owned vehicles, i.e. bicycles, mopeds, motorcycles, automobiles. In 1980 the density of automobiles (automobiles per 100 households) in the GDR was 37, less than half the number in the FRG (77). Automobiles cost approximately twice as much as they do here, the relationship is more favorable for small cars. One factor which disturbs the comparability considerably is the fact that there are long waiting periods for delivery; they can be as long as 10 or more years. The price level for operating and consumer products in connection with car maintenance (fuel, oil, spare parts, accessories, car care products) differs a great deal; compared to prices in the FRG the range extends from 30 to 300 percent. Lately the cost of fuel has only been a little higher than it is in the FRG. According to the above classification, taxes and insurance are not included in the category of personal transportation but in the group of insurance, fees and automobile taxes. When compared to the West German structure of consumption, the relationship of all goods of personal transportation for households in the workforce averages 170 percent and according to consumption conditions in the GDR it is approximately 135 percent. The values are somewhat lower for households on retirement, because automobile ownership for households on retirements is lower.

Kaufkraftparitäten zwischen D-Mark und Mark der DDR Mitte 1981

1) berechnet nach der Verbrauchsstruktur in der DDR für ausgewählte Haushaltstypen

2) in vH

3) Ausgaben nach Bedarfsgruppen	4) Vier-Personen-Arbeitnehmerhaushalt[1]		5) Zwei-Personen-Rentnerhaushalt[2]	
	6) Relative Kaufkraft der Mark der DDR 3)	7) Ausgabenanteile	6) Relative Kaufkraft der Mark der DDR 3)	7) Ausgabenanteile
8) Waren	88	78,2	95	78,7
9) Nahrungs- und Genußmittel	106	37,9	105	45,6
10) davon: Nahrungsmittel	114	25,5	115	32,1
11) Genußmittel	56	8,8	57	10,7
12) Verzehr in Gaststätten	179	3,6	172	2,8
13) Industriewaren	72	40,3	83	33,1
14) davon: Textilien, Bekleidung und Schuhe	50	13,5	47	12,2
15) davon: Schuhe, Täschner-, Sattlerwaren	69	2,6	68	1,8
16) Textilien und Bekleidung	46	10,9	43	10,4
17) Möbel	40	2,7	50	1,0
18) Haushaltswaren	77	1,7	81	1,5
19) Elektrotechn.Erzeugnisse	27	3,9	27	4,4
20) Übrige Waren	102	18,5	135	14,0
21) Dienstleistungen	256	13,1	256	16,2
22) Mieten	435	2,9	455	3,7
23) Strom, Gas, Wasser	227	1,7	233	2,0
24) Verkehrsleistungen	357	1,2	286	2,4
25) Kultur, Sport, Reisen	161	3,3	149	3,0
26) Reparaturen	192	2,0	189	1,9
27) Übrige Dienstleistungen	167	2,0	175	3,2
28) Steuern,Versicherungen,Beiträge	204	8,7	250	5,1
29) Lebenshaltung insgesamt	120	100,0	130	100,0
30) Lebenshaltung ohne Mieten	111	97,1	118	96,3

31) 1) Durchschnitt aller Vier-Personen-Arbeitnehmerhaushalte. - 32) 2) Zwei-Personen-Rentnerhaushalt ohne Erwerbseinkommen. - 33) 3) Die Kaufkraft der Mark in der DDR im Verhältnis zur Kaufkraft der D-Mark in der Bundesrepublik.

34) Quelle: Berechnungen des DIW.

Table 2. Parities of Purchasing Power Between West German and East German Mark in Mid-1981

Key:
1. Computed according to the consumption structure in the GDR for selected types of households
2. By percentage
3. Expenditures according to category of goods
4. Four-person household in workforce
5. Two-person household on retirement
6. Relative purchasing power of GDR mark
7. Percentage of expenditures
8. Goods
9. Foods and luxury goods
10. Subdivision: food
11. Luxury goods

Table 2. Parities of Purchasing Power Between West German and East German Mark in Mid-1981

Key: 12. Meals in restaurants
13. Industrial goods
14. Subdivision: textiles, clothing and shoes
15. Divided into: shoes, purses, leather goods
16. Textiles and clothing
17. Furniture
18. Household goods
19. Electrotechnical products
20. Other goods
21. Services
22. Rent
23. Electricity, gas, water
24. Transportation
25. Culture, sport, travel
26. Repairs
27. Other services
28. Taxes, insurance, fees
29. Total cost of living
30. Cost of living without rent
31. Average for all four-person households in workforce
32. Two-person households on retirement without earned income
33. Purchasing power of the GDR mark compared to the purchasing power of the German mark in the FRG
34. Source: DIW computations

In the category of education and entertainment, durable products and those of higher quality are considerably more expensive than they are in the FRG. On the average, radios, television sets and phonographs cost five times as much. Cameras and movie equipment as well as optical instruments are much higher than comparable West German prices, recreational, sport and camping articles are also more expensive in the GDR. School and office supplies as well as paper items, on the other hand, are cheaper. At the lower end of the scale are printed products. For daily newspapers GDR households need to spend only about one-third of the amount required in the FRG. Most of the books for young people and on specialized subjects cost less than half. For entertainment literature and art books the price advantage has shrunk. In the GDR printed materials are subsidized; the selection, however, is quite limited and for political reasons it is by no means balanced. On the whole, the relationship of prices for goods in the category of education and entertainment averages between 215 and 240 percent for the considered households.

The price level for articles in the category of personal and health care averages 20 to 30 percent higher in the GDR than it does in the FRG. Nevertheless, products that are necessary for health care (medication, bandages, fever thermometers) are much cheaper; items of personal care, as a rule, are more expensive, cosmetics (body sprays, skin creams, bath additives) are comparatively more expensive than the so-called consumer goods (soap, toothbrush, razor blade).

The expenditure category of personal items is a fairly heterogeneous category. Essentially it consists of watches, jewelry and purses. This group again provides evidence that GDR prices for higher-quality products and new technical developments show a very unfavorable relationship when compared to the FRG. In the GDR the purchase of genuine jewelry and quartz watches requires six to seven times the amount necessary in the FRG, for traditional watches the price level is four times as high, purses average two-thirds more.

Prices for most services are considerably lower in the GDR than in the FRG. As a rule, services are labor intensive; consequently the low wage scale in the GDR is the most important explanation for the price difference. An additional factor is subsidies which are effective in many cases. To be sure, services (public transportation, education and culture) are supported in both states, but in the GDR it is done on a larger scale. The comparability is impaired by the limited capacity of repair facilities, gas stations, cleaners, hotels and other facilities in the GDR.

Due to the limitations and the high expense of personal transportation, the services of the public transportation system are used much more in the GDR than in the FRG. High subsidies for public transportation keep the fares low. On the average, ticket prices cover only half of the cost. To be sure, the subsidies in the FRG are also high, but total costs surpass those in the GDR considerably. Compared to the FRG, where fares have been increased substantially during the course of time, prices for transportation in the GDR average only one-fourth to one-third.

Depending on the market basket, services in communications in the GDR require somewhere between one-third and one-half of the appropriate expenditures in the FRG. Like fares for public transportation, postage fees have remained unchanged for a number of years in contrast to price increases in the FRG; only local calls from a pay phone are still M 0.20 or DM 0.20 respectively in both areas of the comparison. The number is low of households in the GDR that are equipped with telephones.

A very important item in the service group for the household budget consists of culture, education, sport, entertainment and travel. Due to rising income and growing motorization, tourism is also increasing in the GDR. There is little difference in the travel intensity (vacation trips of more than 1 day per inhabitant) between the two territories. Nevertheless, whereas more than half of all FRG vacationers travel to foreign countries, in the GDR domestic tourism dominates. In the GDR, vacation services by unions and plants play a large role; both offer vacation spots for which travelers have to pay only 30 percent or less of the actual costs. Independent travel, on the other hand, is complicated and connected with considerably higher expenditures because lodging capacities are extraordinarily scarce. Short trips arranged by travel agencies are already almost as expensive as they are in the FRG and prices for trips abroad are actually twice as high. Trips to Western countries are still denied to most GDR citizens.

All the remaining consumer prices in this group are below the average of the FRG--some of them are considerably lower: For attending kindergarten, for instance, GDR citizens pay less than one-tenth, instructional fees cost approximately one-third, tickets for sports and cultural events are only one-half. Television fees (two programs) and radio fees are lower by 30 percent, retired people in the GDR are exempt from these fees. Compared to Western prices for the entire category, a relationship of 65 percent results for the investigated GDR households, and a relationship of 95 percent applies when West German market baskets form the basis; higher prices for foreign travel weigh heavily.

Due to the rise in the living standard, demands on the service sector increased also in the GDR. House and apartment repairs, which were neglected for a long time, an increase in durable household furnishings and goods and the growing motorization have led to permanent bottlenecks in the supply of skilled craftsmen. As is the case with most of the other services, official prices for these items are considerably lower in the GDR than in the FRG; as a matter of fact, almost by one-half. Of course, there are gray markets in this area.

Services for insurance, fees and automobile taxes were included for the first time. Except for automobile taxes, all items indicate a substantially lower price level in the GDR. Payments for services in this group are on the average between 50 and 60 percent lower in the GDR than they are in the FRG.

Results

The computations show that price relationships for similar goods and services vary a great deal between the FRG and the GDR:

--Prices for goods in the basic-needs category and for most of the services are substantially below West German levels.

--Luxury goods, higher-quality items, durable consumer goods and new technical developments are much more expensive.

The differentiation in prices results in the fact that the average purchasing power of the mark--when compared to the West German mark--decreases with higher income and more sophisticated consumption habits. Consequently, the parity of the purchasing power of the mark declines when a market basket from the FRG is used as a basis, which represents a wider selection and, in part, more plentiful goods. On the other hand, the purchasing power is higher for the more modest market basket of households on retirement. In addition, the general trend applies, according to which the purchasing power of a currency is higher when it is based on the market basket in its own territory rather than any other (ophelimity maximum).

For a standard of living according to the GDR consumption structure the purchasing power of the mark for the four-person household in the workforce averages 120 percent of the purchasing power of the West German mark, i.e. in mid-1981 the same goods and services cost 20 percent more in the FRG than in the GDR. Based

on the West German market basket, however, the relative purchasing power of the GDR mark was substantially less, only 83 percent. The result is heavily influenced by the comparatively low rents in the GDR. If expenses for housing were excluded, the relationship for the GDR household would only be 111 percent instead of 120 percent, and if the FRG consumption structure is used as a basis, 83 percent would have to be reduced to 73 percent. Compared to households in the workforce, households on retirement enjoy more favorable parities of the GDR mark; based on the FRG market basket it is 98 percent (without rent: 81 percent) and for the GDR market basket it is even 130 percent (118 percent).

Table 3. Parities of Purchasing Power Between West German and East German Marks in Mid-1981

Expenditures According to Category of Goods, Total	Relative Purchasing Power of GDR Mark* By Percentage: Four-Person Household in Workforce	Relative Purchasing Power of GDR Mark* By Percentage: Two-person Household on Retirement
FRG consumption structure	83	98
GDR consumption structure	120	130
Crossing of market baskets	102	114

*Purchasing power of the GDR mark in comparison to the purchasing power of the West German mark.

Source: DIW computations.

The use of different types of households and consumption structures provide insights into the extent of differences of purchasing power parities; by establishing mean values (crossing of baskets)--problematic because of wide deviations--these results can be summarized. Based on the consumption structures of the FRG and the GDR, the computed average relationship of purchasing power for a four-person household in the workforce is 102 percent and for the two-person household on retirement it is 114 percent. Therefore, in both instances the purchasing power of the GDR mark--compared to the West German mark--is higher, in one case slightly and in the other one by approximately one-seventh.

A comparison with earlier DIW investigations shows that, contrary to the longer-term trend, the parity of the purchasing power of the GDR mark did not continue to improve. Compared to the last DIW computation for 1977, the relationship of the crossed market baskets revealed a relative deterioration of 3 to 4 percentage points[9] for both types of households. It may be surprising in view of the price increases in the FRG, but the price level in the GDR also rose, particularly since 1979 and affecting higher-quality goods. In addition, due to rising income in the GDR, the proportion of durable consumer goods and better-quality merchandise increased as a share of total consumption. The trend toward a more sophisticated demand was accompanied by an increase in the supply; numerous inexpensive goods disappeared from GDR shops and were replaced by better but comparatively much more expensive merchandise.

The level of the computed purchasing power parities of the currency units must not be used as an indicator of an equivalent level in the standard of living. In addition to prices, a decisive factor in determining the standard of living--as far as it depends on private consumption--is income. In 1980 the average net income[10] was as follows:

Table 4. Comparison of Net Income

Type of Household	FRG Income in DM	GDR Income in M
Four-person household in workforce	3,868	1,720
Two-person household on retirement	2,095	835

Although in the GDR more earners contribute to the household income, nominally the income of FRG households was more than twice as high. Following adjustments for purchasing power differences--by using the relationships of crossed market baskets--both household types in the GDR are still behind in real income by at least 50 percent.

FOOTNOTES

1. Cf. Charlotte Otto-Arnold, "Das Kaufkraftverhaeltnis zwischen D-Mark und Mark (DDR)" [Comparison of Purchasing Power of West and East German Marks], SONDERHEFTE DES DIW, No 129, 1979.

2. The price index for the FRG standard of living contains at least 700 items.

3. Results from records of bookkeeping households (economic accounts) in both areas of comparison and income and consumption samples in the FRG as well as reports on consumption studies from the periodical MARKTFORSCHUNG in the GDR.

4. In the FRG: Four-person households in workforce with medium income by head of household as sole earner. In the GDR: Four-person blue- and white-collar households with average net income per household.

5. In the FRG: Two-person households on retirement and social security. In the GDR: Two-person households on retirement with average net income per household without earned income.

6. With respect to income and consumption, the two types of households in the FRG, however, are below the average of the respective groups of all four-person households in the workforce and all two-person households on retirement.

7. Schemes of weighing of the new cost-of-living price indexes on the 1976 basis, see WIRTSCHAFT UND STATISTIK, No 11, 1979, p 797 ff.

8. Including carpets, curtains,bed and household linens.

9. For this comparison the category of services by banks and insurance companies, fees, automobile taxes and other items was eliminated from the new calculations because it was not contained in the 1977 investigation.

10. Sources: FRG: DIW income calculations. GDR: GDR Statistical Yearbook, 1981, p 272. DIW calculations and estimates.

8991
CSO: 2300/322

FOREIGN AFFAIRS JOURNAL REVIEWS HISTORY OF MERCHANT FLEET

East Berlin HORIZONT in German Vol 15 No 26, 1982 (signed to press 21 Jun 82) p 22

[Report by Wanda Kosche: "It Began With the 'Vorwaerts': Ships of the GDR Merchant Fleet Are Calling on Four Continents"]

[Text] For years, mass packaged freight has been reloaded at pier No. one of the Rostock Maritime Port. This comprises lumber, pig iron and metals which are essential for our national economy. Imports of sheet iron, coils (metal tape reels) and wire as well as of ore from the Soviet Union have constantly increased in the past few years, and are further increasing as envisaged by the program for production specialization and cooperation between the GDR and USSR for the period up to 1990. Almost 50 percent of the mutual commodity deliveries are effected by maritime transport. The parties involved rearranged their increased maritime transport relations in a government agreement in 1973. In 1974 these maritime connections, also termed the "bridge of friendship," became an international youth project whose organizers are the FDJ and the Komsomol. This year they organized the first international "fair of the masters of tomorrow" in Rostock.

Members of the youth organizations are ensuring the maritime commodity exchange in Rostock, Riga, Klaipeda, Murmansk and Arkhangelsk. They are primarily concerned with reducing the ships' layover times in ports. In 1981 2,702,837 tons of metal were unloaded, 3,348,194 tons in all GDR seaports.

The joint operation of a Soviet rol on-roll off [ro-ro] ship on the Rostock-Riga route, which has existed since 1 August 1979, constitutes another proof of the quality achieved in economic cooperation.

About the Difficult Beginning

As a result of the political and economic backwardness of Mecklenburg, which increased during the time of the transition from capitalism to imperialism, the development of Rostock, Wismar and Stralsund had become stagnant--after a time of prosperity--and the ports had become insignificant. Their small fleets exclusively operated in the Baltic Sea. The North Sea ports took over overseas trade. World War II left chaos behind: The few existing

port installations had been either destroyed or were completely outdated. A difficult legacy. As early as 4 April 1946 the Soviet Military Administration (SMA) in Mecklenburg had ordered, in Order No 404/K, the resumption of "normal activity of the ports of Wismar, Rostock and Warnemuende." SMA Order No 0405 of 11 December 1946 eventually led to the transfer of the power od disposition over the ports to the German self-administrations. But there was not much to be administered at that time.

The Fleet Emerges

The resolution of the Third SED Congress (20-24 July 1950) promoted further development. It is stated therein: "In addition, it is necessary in the years 1951-55 to build several ships in classes up to 8,000 gross registered tons for maritime transport." Before these ships were launched according to program, however, on 13 October 1950 the steamer Vorwaerts was commissioned. Loaded with piece goods, the ship with the future-oriented name set sail for Ventspils (Latvian SSR) on 4 November 1950.

On 1 July 1952, the date of the founding of the German Maritime Shipping Company (DSR), an important stage began for safeguarding GDR foreign trade. The steamer Vorwaerts and the Tender Fortschritt were the first two vessels of the company to operate between the GDR and the USSR Baltic Sea ports. By the end of 1956, the young shipyards had delivered 19 vessels to the DSR. A new stage was initiated with the commissioning of the MS Frieden (10,000 deadweight tons), the first large ship, on 23 June 1957. Eleven more ships of this type followed suit until May 1961.

Whereas in 1957 the DSR possessed 21 ships with a capacity of 46,859 deadweight tons, their number rose to 97 units with 584,484 deadweight tons by 1963. Today it has 171 ships of various kinds with 1.64 million deadweight tons. In 1981 they carried 12,524 million tons of goods, and thus exceeded the plan. The area of the fleet's operation also expanded in the past years. DSR ships called at 97 countries.

Modern vessels, shorter round trip times and a development of routes in line shipping are necessary to further meet the requirements of GDR foreign trade and the growing international demands. This end is served by a long-term modernization program of the Merchant Marine. In the past 10 years alone the DSR commissioned 43 newly built vessels, predominantly semi-container and piece-good ships. As a result, the DSR was able to decommission old vessels which had become ineffective. Increasing transports of ore and metals from the USSR require special vessels. The demands on ro-ro transports are also growing. The hoisting of the flag on the first ro-ro ship, built by the Wismar Mathias-Thesen shipyard for the DSR in 1981, is to take place in the next few days.

Development of Ports

The constantly expanding foreign trade activities of the GDR and the growing fleet required ports with greater capacities. Thus the 33rd SED Central Committee session on 16 October 1957 decided to build a maritime port in

Rostock. As early as on 1 May 1960, piece-good reloading began in Basin B. After the first building stage, the port reached a capacity of some 10 million tons. It was here that the transshipment of containers began on 8 November 1968, and thus an international trend toward rationalizing transport was complied with.

The capacity of GDR ports as a whole rose considerably. In 1981 reloaded goods amounted to 19,503,015 tons. A total of 2,830 ships from 53 countries moored in Rostock's maritime port alone. The goods reloaded there totaled 15,562,885 tons, including 1,518.819 tons of piece goods, 7,771,046 tons of bulk goods, and 2,470,026 tons of liquid goods. The CEMA countries of the CSSR, the Hungarian People's Republic and the Socialist Republic of Romania are the main transit partners of the GDR port economy. But transit customers from Yugoslavia, Switzerland, the FRG and Austria are also shipping goods via Rostock.

Founding the Maritime Transport and Port Management Combine--Deutfracht/ Seereederei on 1 January 1974 was significant for the further development of that sector of the national economy. This combine is in charge of the worldwide line and tramp shipping; the transport of packaged freight, bulk and liquid goods, as well as of refrigerated goods; container services, transport of heavy goods and the loading and chartering of vessels; reloading and storage of goods; clearance (processing of documents) and care for oceangoing ships; booking of goods for line shipping; piloting, tugging and towing of oceangoing ships; excavations, underwater building projects and ships service; and equipping and supplying oceangoing vessels.

Twenty-Five Line Services

On 1 January 1965 the DSR and the Finska Angfartygs Aktiebolaget in Helsinki jointly inaugurated the regular line service between Rostock and Helsinki--the first step to developing an extensive line service which today comprises 25 lines to four continents. These lines lead to the most important maritime transshipment places of Europe, as well as to the ports of Algeria, the north and south Levant, Egypt, Western Africa and the Red Sea, the eastern coast of South America, Cuba and Mexico, Sri Lanka and Bangladesh, India and Pakistan, Southeast Asia and the Far East. GDR ships are operating regular line services between Mediterranean ports and ports of the Middle East. Maritime transport has been divided into three administrative fleet sectors: Asia/America, the Mediterranean/Africa and special/coastal shipping.

One of the long turns, as the sailors call them, leads to South America's eastern coast. This line is plied once a month. The ports of Wismar, Hamburg, Rotterdam, Antwerp, Rio de Janeiro, Santos, Montevideo and Buenos Aires are called at during this turn. Here is another example: The GDR-Great Britain ro-ro line service operates once a week. The ports of call are Rostock and Hull.

The intensification has also begun of the 25 line services--they have been organized by the GDR both as joint lines with other socialist shipping companies and independently. Since early August 1980 the Europe-Hong Kong-Japan-Bangkok and the Europe-Malaysia/Singapore Djakarta express services

have been operating. These services, which, due to a new tracing of routes have reduced the thus far required transit times by an average of 10 days, exert a favorable influence on the growing requirements of trade with the countries of the regions involved. In 1981 a new joint line service with Cuba was opened, and state shipping treaties were concluded and finalized with the SRV, Ethiopia, Angola and Mozambique.

Specialized transport by coastal motorships of sizes between 600 and 1,700 deadweight tons between ports of the North Sea and the Baltic Sea region are typical of tramp shipping (that is, transports of predominantly bulk goods depending on the needs of the freighter between any ports under prearranged conditions).

Cargo ships with a carrying capacity of from 2,000 to 7,000 deadweight tons are employed for imports of raw materials such as cut timber, coal and metal. Bulk goods carriers of from 11,000 to 38,000 deadweight tons are hauling ore, coal, apatite, metals, grain and sugar for the GDR national economy and for other customers. The 10 units of the refrigerator ship fleet are predominantly engaged in fruit imports.

Stepping Up Transshipment

Building activities in the Rostock Maritime Port have never been as brisk since the port's commissioning. It is said in the directive of the 10th SED Congress that "the capacities of the GDR maritime ports should be substantially increased to ensure the GDR's foreign trade transport, particularly to the USSR, and the capacity of the maritime fleet should be boosted by using modern ships."

Transshipment performances should increase from some 15 million tons in 1980 to 23.4 million tons of goods--an unprecedented performance increase. Building work is in progress at three different sites of the port simultaneously; at pier four, the transshipping complex for grain, fodder and fishmeal; at three new berths for the reloading of metals and piece goods of pier one; and in the south of the port, where the terminal for the ro-ro service and for container reloading is being expanded. A quick, safe and low cost transshipment of all goods, while maintaining the processing of all domestic and foreign ships and trade partners on an equal basis, is the task which the Rostock seaport feels obliged to accomplish.

CSO: 2300/341

MINISTRY OF INDUSTRY APPRAISES ITS SHORT PAST

Budapest PENZUGYI SZEMLE in Hungarian No 6 Jun 82 pp 412-420

[Article: "First Experiences in the Modernization of Industrial Management"]

[Excerpts] The Industrial Committee of the National Assembly discussed on 27 April 1982 the year and one-half work of the Ministry of Industry on the basis of a written and oral report by State Secretary Bela Rabi.

Among other things he said in his report:

The development of the organization of the Ministry of Industry took place basically according to the principles outlined in the concept. In its internal structure it is decisively functional in its arrangement, but with the development of groups of experts assigned to the state secretaries and the deputy ministers, the conditions were also created for realizing special sub-branch expertise. Therefore, the internal structure of the ministry is divided into two major unit groups, namely, a functional and a sub-branch part; but the separation is not sharp. Close cooperation is assured between the eight departments and the seven sub-branch groups of experts. The special expertise of the individual sub-branches is concentrated in the expert groups, which is necessary for supporting the technical-development, investment, international cooperation activities or the carrying out of enterprise supervisory functions.

The development of the ministerial organizations, the arrangement of its personnel and technical affairs, and the assurance of work continuity required manysided, stepped-up work. It must be evaluated positively that within a short time we succeeded relatively trouble-free in shaping the organization, and in the meantime work continuity was not interrupted.

An important requirement was the assurance of the continuity of the international relations and the beginning of relations with foreign partners. There was no break in our international cooperation work, and we fulfilled our obligations.

We regarded it as our important task to start our relations with the enterprises as soon as possible. This purpose was served by the comprehensive managerial conference of 9 February 1981 where the need for a new type of

relations system for the ministry and the enterprises was drafted. Following this, enterprise maintenance of relations and the cooperation with them became increasingly manifold.

Within a short time we established our relations with the government organs, the coauthorities, SZOT [National Council of Trade Unions] and the sub-branch trade unions.

We regarded it as an important task to develop attitudinal and action unity since the work style, work methods and the habits characteristic of the earlier three ministries appeared in the beginning as disturbing factors. All these were also influenced by factors of atmosphere primarily because a significant number of managers were put into different assignments in the new organization, and the modification of their acquired rights (title use, signing off rights, etc) evoked a temporarily unfavorable effect. Within a relatively short time we succeeded in settling these matters satisfactorily, and for a long time now this factor has not disturbed either the atmosphere or the work.

The managerial principles fixed in the concept were debated for a while since the concept could not extend to every detailed problem. There was also an effort to implement ideas differing significantly from well-known principles. The development of proper ratios in technical and economic outlooks according to the concept and the establishing of foundations for the unified interpretation of ministerial and enterprise relations required a great effort.

The organization of the Ministry of Industry differs significantly from that of the earlier ministries, and therefore we reckoned that cooperation between organizations carrying out functional and sub-branch tasks would become the source of many problems. On the contrary, the forms of cooperation (team systems) developed relatively fast, personal relations promoting the successful solution of tasks were created; and today cooperation is basically smooth. Now the task is to entrust the groups of experts, in addition to their cooperation activities, with the solution of more and more independent tasks requiring more and more technical expertise.

In the past year or more, the Ministry of Industry has performed its work in a new organization basically different from the earlier forms and amid significantly altered requirements. Operations thus far assure us that the apparatus as established is suitable for the solution of modern management tasks. Of course, we must adjust to these tasks the cooperation of the departments and expert groups, and if necessary the modification of their area of tasks and the working style of the apparatus. In harmony with this is the decision that minor organizational changes will be made to carry out certain tasks. These serve the goal of permitting the ministry better to satisfy the requirements of the national economy in respect to certain commercial-political, economic regulator and socio-political tasks.

Recently, the ministry has basically solved its tasks. It has met its tasks of preparing decisions for the government and with its activity has

promoted economic results for 1981 and preparation for the 1982 plan. Hereafter, it will implement more and more detailed work of the goals called for in the concept.

When all is said and done, justification for the reorganization of industrial management has been vindicated, something which has been welcomed also by public opinion, approving the fact that the party and state leadership is dealing with the problem in an emphasized way.

How Has the Economic Management Function of the Ministry of Industry Been Implemented?

We wish to achieve establishing the basis for the economic political management function of the ministry by working out a unified industrial political concept. In the concept we shall draft the economic requirements of long-term development and the condition system, along with a comprehensive idea of the individual partial areas. The first draft summarizes the ideas on the goal and means system of industrial policy and on several possible ways of developing the sub-branches. The further establishment of this work will take place in harmony with long-term planning work. We are devoting special attention to discovering the logical-substantive interrelationships of the partial concepts and on successful solution of the mutual effects on the industry as a whole from the viewpoint of technical-economic development.

We desire to realize our economic political goals primarily by way of working out or implementing the central development programs. The basis of our planned economic policy is formed by the electronic spare parts and component parts approved at the end of last year, and the central development programs for Pharmaceutical, Herbicide and Intermedier Manufacture, the aluminum industry which has been functioning for many years, and the petrochemical industry. It makes possible the realization of our international economic cooperation goals, the development at an appropriate level of certain industrial branches (the Hungarian-Soviet alumina-aluminum agreement; the Hungarian-Soviet olefin chemical agreement; and the Hungarian-Soviet agrochemical agreement).

The programs for the National Medium Term Research Development Plan also support our most important economic development goals, including energy management, material management, spare parts and component parts development, machine manufacture technology, microelectronic spare parts, telecommunications equipment, and the development of pharmaceuticals and herbicides. The Ministry of Industry is concerned with the realization of 10 of the 14 programs approved in the National Medium Term Research Development Plan, for the realization of which the ministry has made available 30 percent of the central technical development base.

We are also promoting the realization of the economic political goals of the Ministry of Industry with well-founded international cooperation, and therefore we are working out guidelines for the international cooperation activity of the Ministry of Industry. These include the relationship of industrial policy and the concept of international cooperation, and the

major means and methods for organizing the execution. In accordance with the guidelines, they have started to draft trade relation information papers regarding certain countries, and on this basis the preparation of trade relation concepts. In these, we analyze the structure of industry in the given country, development trends, special industrial and foreign economic regulators, and foreign economic relations maintained with Hungarian industry. The work to be concluded in 1982 will significantly contribute to the high-level working out of the industrial political concept.

As an important part of our international cooperation work we have created a new basis for the solution of our economic tasks by signing or extending several important international agreements and conventions.

Last year we dealt in a special way with working out the development or execution of a material and energy savings program.

Studies have been prepared for establishing the basis of a complex program for the rationalization of material management. According to the investigations made thus far, if the recommended savings measures are realized, we can achieve a material savings of about 6 to 6.5 billion forints without the investment cost of the last year of the Sixth Five-Year Plan. With the realization of an investment of about 9 to 9.5 billion forints we can achieve a further savings of 17 billion forints in the five-year plan period.

We shall realize the energy savings program of the Sixth Five-Year Plan and the action program based on its execution on basis of the resolution approved in December 1980 by the Council of Ministers. The changes which have occurred in the import of energy sources made it necessary in September 1981 to accelerate or expand the execution of the energy management program. To do this, we have to raise the production targets of domestic energy sources as compared to the original goals of the Sixth Five-Year Plan, which means an increase in domestic natural gas and coal production and increased manufacture of briquets. Measures for accelerating the program have made it possible to reduce the 301 P calorie/year energy consumption earlier targeted in the plan calculations for 1982 to 299 P calories, and to further reduce the ratio of oil consumption. In this way it will become possible for us this year to use 2 million tons less oil than needed for meeting consumer demands in 1978.

Of the approximately 500 energy rationalization applications submitted in 1981, 350 will be realized with state support. Energy rationalization projects being realized with state support, credits and the enterprises' internal development means make up 7 to 7.5 billion forints, in which the enterprise source amounts to more than 1 billion forints. In summarizing experiences for starting and accelerating the program, it can be stated that we have made significant progress in the field of developing the planning and providing of energy supplies and needs, and in developing the complexity of the energy management rationalization and savings activity.

In the framework of our development policy, we have worked out proposals for the implementation of large state investments, and it was in this way

that proposals were accepted for the opening of new mines, for the Coking Plant of the Danube Iron Works, cokable coal production, and the development of hydrocarbon research.

We also worked out ways for the development of certain manufacturing branches or product groups (for example, the support industry, mineral and raw material research). The proposals contributed to a significant degree to revealing technical economic problems in industry, and in some cases to their solution, and in other cases they pointed to tasks, and roads leading to their solution.

We must make special mention of the fact that the Central Committee of the party put into its 1982 work plan a review of the situation and the tasks of the industry. The presentation prepared for the Central Committee gives us the possibility to show the development of the path thus far taken by our socialist industry and its present situation in historical perspective, and its result in international comparison, and for us to determine the future tasks of the industry.

On What Kind of Problems Did the Ministry Consult with the Various Managers and Workers of Its Enterprises?

Recently, the leadership and apparatus of the ministry has met with and consulted with enterprise managers of various levels and with workers on many important subjects. Among these, emphasis should be placed on cooperation related to the conclusion of the planning work of the Sixth Five-Year Plan and the working out of the 1982 annual plan.

For the planning of the Sixth Five-Year Plan, the enterprises made available a procedure to promote their work with planning methods adjusted to requirements. In the interest of adapting strategic enterprise planning, we also took steps on behalf of initiative. We expect of this that the strategic enterprise plans will help in establishing the industrial policy concept, and that enterprises will convert to the application of planning methods that promote more flexible adaptation.

We gave information to the enterprises on the 1982 planning tasks, and the enterprise managers, in turn, informed us about their own ideas. We conducted an exchange of views regarding the possibilities for their increased competitiveness, increased exports, and the effects of the regulator changes.

In the framework of work related to the economic regulator system, we conducted surveys at 71 economic units on the effect of the regulator modifications on the 1981-1982 processes. This year we conducted further consultations with those enterprises where there are significant points of tension. We tried to find a way for an increasingly greater ratio of the profit-moderating effects to be countered in their own sphere of influence, and moreover for the number of the economic units to be reduced to a minimum for which external help is necessary to create an equilibrium.

In the framework of enterprise organization development work, there was occasion for working out many investigations, analyses, and concrete reorganization proposals.

On 1 January 1981, 10 enterprises belonging under the supervision of the ministry became independent. We regarded an analysis of the effects of these reorganizations as important. Of the 10 enterprises, 7 witnessed an increase in production, while at two enterprises there was an increase of small extent, and at 1 enterprise (Kispest Textile Factory) there was a large-scale decline in production. The marketing structure of these enterprises was shifted toward domestic marketing, which is acceptable because most of them produce for further processing or for population goals. The efficiency of [the] live work or embodied labor tied down by the enterprises improved, and the level of productivity rose. The results of these enterprises increased to only a very small extent, but after the base-time loss, management became profitable.

In 1981, work directed at the modernization of the enterprise organization system was conducted according to the work plan coordinated with the Coordinating Committee. We investigated the organization of six machine industry enterprises, as a result of which seven new enterprises were established. There was also the separation of one enterprise from a trust framework.

We carried out the control of enterprise work related to the modernization of the internal management system at 11 large enterprises in five trusts.

We drafted proposals for the organizational development of the support institutes.

In the field of applying enterprise organization and computer techniques, we developed a unified system of planning for organization work, and we defined the ministerial level guidelines of its development. We organized exchanges of experience for the circulation of methods assuring outstanding results, and we supported the development of such methods in direct enterprise relations.

Last year we started and now follow with constant attention the work performed by enterprises in the international comparison of live work productivity, means efficiency, the modernity of products and prices realized in capitalist exports. On the basis of the analyses, we are evaluating measures, promoting and supervising them, for the improvement of competibility and the closing of the gap.

The problems affected in a special way in the foregoing have given opportunity for the development and expansion of enterprise ties, or for the stabilization of enterprise relations. But the development of relations is demanded not only by the ministry but also the enterprises. The ministry does not keep itself aloof from the problems of the enterprises, and we help wherever it is justified and we are able. One example of many that

can be mentioned is iron metallurgy, which is in a difficult situation because of the world economic crisis, demand for its products on the capitalist markets has declined, and prices have also declined to a great extent. In this critical situation we initiated and achieved central measures.

How Were the State Administrative Functions of the Ministry Realized?

Among the greatly manifold tasks carried out by the ministry in this area, it is necessary to stress the following:

In harmony with our economic political goals we prepared in 1981 the legal regulation of small-plant production and auxiliary activity.

With the development of new forms (small enterprises, contracting systems, cost allowance systems) the opportunity arose for the establishment of organisations in the state enterprise category, with a small number of personnel, and hopefully more efficient operation, primarily for the carrying out of service production or commercial economy-organization tasks.

In the cooperative category, the small cooperatives, the industrial and service cooperative specialized groups and the fixed rate payment systems afford the possibility for the use of forms appropriate to needs and for satisfying a broader scope of demands supplying and servicing the population. For the sake of the correct interpretation of the new regulations for small-operation production and auxiliary activity and the wide application as soon as possible of organizational forms, the ministry held many orientation sessions for the managers and workers of the council administrative and cooperative interest-representational organs. We are also dealing with these problems in the program for the further training of enterprise managers at various levels, and we are following with manifold information acquisition the results achieved in this area, and we are supporting the development of new organizations which assume the role of effectively satisfying needs.

More and more we are bringing the appropriate administrative organs of the councils into the solution of the tasks of the national program related to energy savings. From the first months of the development of the ministry we have devoted great attention to the taking up of ties with the megye councils, the development of cooperation, the mutual settling of our joint problems, and support for the work of the industrial administrative organs. In effect, we carried out within 7 to 8 months the arrangement of relations and the coordination of mutual tasks at all managerial and administrative levels of megye councils.

Important industrial authority jurisdictions are concentrated at the Ministry of Industry, which in their full scope the ministry by reason of its personnel and organization is not able to carry out. We have not been able to settle these problems, but it is our goal that these jurisdictions should be decentralized within the limits of our possibilities. In harmony with the modification of the law regarding state administrative procedures,

we have started to locate jurisdictions at a lower level within the ministry. In harmony with the resolution of the State Planning Office, we have initiated in cooperation with the coauthorities the lowering of ministerial spheres of authority to a lower enterprise level.

Cooperation Principles and Methods

Already in the beginning phase of the operation of the ministry, we worked out those important cooperation principles and methods on basis of which we initiated our talks with the coauthorities. In this framework we sought to define those critical juncture points where we consider a change necessary in the cooperation conducted with the sub-branch ministries. It was characteristic of these talks and exercises that the coauthorities for the most part wanted the carrying out of all those tasks which the former ministries had fulfilled. To this they also subordinated the work distribution related to managerial activity.

The finalization of the cooperation agreements was a long process. In the end, agreements were arrived at with the more important functional organs, and also with the OMFB [National Technical Development Committee], the Hungarian Chamber of Commerce, and the MTA [Hungarian Academy of Sciences] Industrial Economy Research Group; we also signed agreements with all the appropriate sub-branch trade unions (numbering nine) regarding the main subjects and methods of cooperation.

The content of the cooperation with the coauthorities changed slowly since with the creation of the Ministry of Industry they did not want a change in the earlier methods and systems. This was related to the fact that the coauthorities worked according to the old management system and methods, and therefore the adjustment of the ministry to their work was not trouble free.

The change that was intended in the concept came about largely only at the end of 1981 or the beginning of 1982 when the transformation of the internal organization was also begun at the coauthorities. This is bringing--sometimes by way of compulsion--a greater flexibility, a readiness for cooperation in the tasks, and the development of the new working style and work method. Readiness for cooperation changed a great deal, and now in the carrying out of all important tasks there is successful cooperation with the coauthorities. Similarly, the participation by the Minister of Industry in tasks arising at the coauthorities has become systematic and to a large degree satisfactory.

It is a part of the success and development of relations that the Ministry of Industry must be a partner capable of offering well-prepared and well-founded opinions and support. The state of preparedness in the apparatus guarantees this. The burden of operational tasks, the fulfillment of the broad-scale and large volume of international obligations formerly made it difficult for us to deal, and from time to time still does, more seriously with theoretical work requiring profoundness. In 1982 a more favorable situation developed and the setting up of the indicated new departmental organizations resulted in the development of theoretical work.

Goals and Tasks

In reviewing the 15-month operation of the Ministry of Industry, it can be stated that it is successfully moving on the track which was indicated for it by the party and the government organs.

The work of the ministry is in harmony with the concept. We are striving to realize more and more our economic-political management activity. Our goal is to realize our industrial policy in harmony with the operation of the entire economy, and therefore in our industrial policy we desire to indicate the desired directions and ratios on the basis of the producer capability of revenue. We desire to promote the establishment of such economic conditions as will give those enterprises the opportunity for fast development which increases the national income to the greatest extent. We have to find among the endowments of the country what it is we can manufacture the most economically, what we can market relatively best, that is, with what kind of structure can we most effectively participate in international work distribution. In our industrial policy we are also working out the desired direction of development and the means that are necessary to this end. We have to promote the development of proper ratios between the economy and industry, between industry and the individual sub-branches, and we have to help in indicating the regulation and organization tasks, and also to give research a program.

Industrial policy cannot be narrowed to the enterprises of the Ministry of Industry, we need an industrial policy independent of control and sectors. Therefore, the industrial political principles must have an effect on the entire state industry, the cooperative sector, and private small industry. The agricultural producer cooperatives are also conducting more and more industrial activities in their auxiliary branches. Our industrial policy must consider this also and have an influence on it. Thus we interpret industrial policy broadly and free of sector limitations.

A broad inventory of means must help in the realization of industrial policy. Beyond political decisions, the direct economic decisions, the whole system of economic regulation, the institution system of the economy, the cadre work and last but not least the participation of the workers are necessary in making and carrying out decisions.

The evaluation of the operation of the Ministry of Industry over scarcely more than a one-year period indicates the process which has been started for the sake of modernizing industrial management. We are still faced with a long road which will require a great expenditure of work before the Ministry of Industry will be in every respect a well-functioning highest authority in promoting government guidance effectively and capable of implementing the interests of the national economy in all respects. The results achieved thus far are encouraging and point to the reality of the goal, and our ability to realize it, State Secretary Bela Rabi said in his presentation.

6691
CSO: 2500/302

STUDY SHOWS MANAGERS SHOULD BE MORE BUSINESSLIKE

Budapest NEPSZABADSAG in Hungarian 30 Jun 82 p 10

[Article by Labor Research Institute fellow Mrs. Julia Venyige Molnar: "Managerial Types--Professional Careers"]

[Text] In our present economic situation, much depends on the work and managerial behavior of the directors of enterprises and other economic entities. How well they perform is in many respects dictated by social conditions (primarily the economic regulatory system) and their variations. However, these still represent only a framework in which personality traits, education, trade experience, and work attitude influence to a large extent what kind of manager any individual will be.

In 1981, the Labor Research Institute began a study into the managerial interest and managerial behavior, during which many detailed, personal interviews were obtained with business managers. On the basis of this information as well as other sources, we attempted to create a picture of the managerial types. We separated them into three basic categories, based on their education, mode of thought, and managerial behavior: the enterprising manager, the trade or business specialist, and the financial and accounting expert.

The Entrepreneur

Today it has become apparently popular to encourage managers to be enterprising, and to wonder why they are not particularly inclined to do so. However, one can ask if our society has the necessary requirements for enterprise: are managers' interest served by such activity? We can be certain that two few business managers are truly good at managing. In the course of our study, we were able to speak to only a few managers; but despite the small number, those managers who fell into this category showed, not coincidentally, many of the same traits.

The most significant common trait in this category is perseverance. This quality is hailed even in trade literature as one of the most important for a successful manager, made necessary by constant adjustment to changes in the market. In our country, market influences are relatively weaker; often, economic overregulation and limitations on enterprise independence are instead the obstacles to enterprise. "It is always possible to be enterprising. The question is, is it worth it?" said one of the interviewed managers. And in this case, he was only thinking in part of the financial value of the venture, since additional profits resulting from additional effort are taken from the company by the regulatory system. He found it more important that an enterprising spirit requires much time and patience and more effort than necessary.

Nevertheless, the directors categorized as good managers are more persevering than usual. One of them worked tenaciously for 10 years to create the necessary conditions for an idea to come to fruition. Another endured upsetting disciplinary inspections for years just because he was forced to implement his economically quite beneficial ideas through less-than-legal methods. His ideas proved correct--but in any case, his resiliency and perseverance played a large role.

Another common trait is initiative. In the course of their careers, the managers frequently instituted the realization of new technical or economic ideas. In part, these were their own ideas, but their sense of timing in implementation and their selection of ideas in the field are equally important.

The ability to take risks should pair with initiative in the making of a good manager. This tendency is found in the behavior of the managers in question; they exploit situations outside of realistic expectations, relying also on luck. Moreover, they are aware of this tendency, and consider luck one of the keys to their careers and successes. Unlike the majority of directors, the true managerial types only criticize stiff regulation and tend to find legal and semi-legal paths to broadening their business possibilities.

Varied Career

A career offering varied experience seems to be another common trait. Such a career also means wide connections, since it brings the individual into contact, perhaps even friendship, with leaders in fairly important positions. In the work of the manager, personal contacts are always present; the question is how they are utilized, said one of the interviewees. Entrepreneurs--by their own admission--generally use personal contacts for obtaining important information or relaxing restriction that interferes with their work.

Another common characteristic seems to be the ability to choose good employees. The manager consciously chose persons that complemented his personality. (For instance, a manager who constantly formulates new ideas does not necessarily need a similarly intensive subordinate. Instead, he needs a man who will judge the ideas and find means for sound implementation.) They rely on key personnel, including salesmen, who "can bring in as many profits as developers." They keep and motivate their employees through a good atmosphere and the creation of interests.

The underlying motivation of the good manager is unique and differs significantly from that of other groups. They work overwhelmingly from internal motivation, which means that the main measure of their success is their personal satisfaction and interest, and they rely less on outside acknowledgement. Their expectation of the work environment and of the authorities is that they be left alone to work. However, this does not mean that they look down on finances. The managers' education is heterogeneous both in terms of direction and level. It seems that in the creation of their careers and economic behavior, personal qualities, not education, play the decisive role. And, of course, the unexpected, the fortunate meeting of circumstances, and luck, as they themselves admit.

Among those belonging to the second basic category, "trade specialist" implies two things: first, that those belonging to this category have had their careers decided by their education, and second, that they feel at home in managerial work. (Here we must mention the striking observation of the interviewee, who divided directors into "businessmen" and specialists." The businessmen, he said, were those who could maintain a managerial post at a given level, and the specialists were those who could devèlop it further.)

Technical (economic) specialists are characterized by technical education, and, in the first 10-15 years of their career, technical experience. At certain points in their career, they were forced to deal intensively with economic matters for various reasons--and they probably had a feel for it, too--so they acquired serious understanding and great experience. Their trade careers are varied, having involved various workplaces and, more importantly, various fields of work. There are those who filled influential posts in state direction for a time; they are characterized by high experience and broad field of view, and can envision economic interrelations well. In their work, they utilize their experience, and a certain penchant for renewal and entrepreneurship is their trademark. Yet above all they are led by their sense of reality--in contrast to the managers, for whom intuition and belief in luck played a large part.

Trade specialization can also be found in the financial-accounting expert category: Graduates from schools of accounting or economics, sometimes graduate auditors certified accountants (mostly economic and trade directors fall into this category). Their careers are relatively simple; they generally begin at enterprises, in areas of planning, or accounting. Occasionally, it happens that someone will occupy a high managerial post at the enterprise in which he started out, but generally the majority change their place of work once or twice. They sometimes work a few years at other enterprises or banks, or sometimes in the accounting offices of ministries. However, without exception it is characteristic that they have worked at their present workplace for a very long time--the name of the enterprise may even have changed in the duration.

Precision reliability, and identification with the enterprise characterize the directors in the category, as well as very wide experience in a relatively narrow field. They are familiar with the economic regulatory system, including its changes retroactively. Their economic behavior conforms to regulations, yet they have their opinions and practical ideas for details. The more polished ones know and use the small ins and outs of the system. In their work, they concentrate on economic-financial balance and even growth. They are the ones who, beginning with wage increase possibilities, calculate and plan the appropriate profits. They are used to regulations, rules, and can accommodate to them. As the primary motivation for their work, most of the directors in this category mentioned honorable acceptance of their responsibilities.

On the basis of the interviews, we formed the general opinion that the behavior of the directors in this category--less characterized by initiative or good business instinct than accommodation to regulations--was not primarily based on education or talent. Instead, the system of economic regulation requires such behavior from those dealing with narrower economic or, especially, financial matters.

The Moral

As we mentioned earlier, the results of the study must be regarded as preliminary. However, we will risk drawing two brief conclusions on the basis of the information available. Our present economic situation primarily needs directors in the first category; those with initiative, and enterprising spirit. It becomes apparent from the interviews that those present managers who generally fall into this category have managed to work thus only with great effort and perseverance. The deciding reason is that the economic environment does not foster such behavior. The number of good managers will not grow simply from written or spoken insistence on entrepreneurship. Only change in the economic environment and improvement in the director selection system will bring change in this area.

The lack of entrepreneurship is also tied to the fact that in our society, economic activity, business in its good sense, has no real status. Thus, among other things, the economic expert is underrepresented in the top ranks of enterprises. Economists' careers generally lead to financial-accounting areas; in these, the bulk of the work consists of bookkeeping activity and familiarity with and obedience to complex regulations, and not of economic analysis and the development of economic concepts.

9890
CSO: 2500/300

NEW ECONOMIC SOLUTIONS PROPOSED

Warsaw PERSPEKTYWY in Polish No 13, 14 May 82 p 11

[Article: "The Chain of Interdependence"]

[Text] It is easier to bear life's difficulties if one has even a most general vision of tomorrow. This "lead time" awakens initiative, even if it is related to the risk involved in a decision. This decision does not come easily in personal life and is even harder in the social and economic sphere. But one has to face up to it, particularly since the first 3 months of the year show that something has stirred in the economy. Let's compare them with the first 3 months of last year: products sold in January of this year amounted to 84.3 percent, in February, 89.3 percent and in March, 92.6 percent. Thus, although in the entire quarter production was lower than last year, the decrease is getting smaller. True, it is mainly due to improvements in the raw materials industry, because the processing industries, especially those as important for the economy and supplying the market as the chemical, electronic, electrotechnical, iron and steel and textile industries, produced 16-18 percent less than last year. The results are felt in the stores. Moreover, this lack of correlation may affect negatively the monetary market situation. Nevertheless, it is a fact that something in the economy has stirred.

A question mark does not mean "stop."

There are still many questions, but it seems that at least the most important ones will have to be answered this year. This refers, in my opinion, to the general solution to the methods of repaying Poland's foreign debt. It is not only a question of what is due this year but of a long-term method which would satisfy the creditors without ruining Poland's economy, because automatic postponement of payments for a few years brings only a temporary relief until such time when they fall due and accumulate with the amounts currently due at that time.

One must also answer quickly and completely the question of to what extent the import of production supplies from the socialist countries and the mobilization of our own resources as well as the effects of scientific and technical thinking will slow down the regression of the processing industry? This has a bearing not only on appropriate contracts which we are negotiating right now but also on the adaptation to the new situation of a large part of the production system.

The third difficult question has to do with the influence of economic reforms on the speed of getting out of the crisis. We can expect an answer from the Consultative Economic Council which is led by Professor Czeslaw Bobrowski. In a recent interview, Professor Bobrowski spoke of the need to analyze the interplay of the current, hasty decisions with the newly introduced model. Operational programs, activity of the plenipotentiaries, broadening of the distribution of the basic means of production and limitation of the activity of several economic instruments in the still not fully independent enterprises, which only with difficulty are self-financing in the face of the continuing suspension of self-government, reminds one more of the system of orders from above than of the principles of reform.

Knowing the reality of the economy, one may easily show that abandoning the orders-type system and distribution requires quite a lot of time. But such affirmation is only a step removed from the suspension of reform that would doom the undertaken therapy of the economy.

There are still a number of basic questions regarding the model that have not been resolved; the most important ones include: ratios between individual and collective consumption, between the incentive function of earnings and the caretaker's role of the state. And yet the answers to these problems will have far-reaching effects, beyond the strictly economic sphere.

Reorientation--a multilevel approach.

While developing economic relations with the CEMA countries, particularly the USSR, we will not close the door on the West. This is generally understood. But it is necessary to implement an iron-clad rule that only the level of exports may determine the limits of imports and of negotiated credits.

Nor is it enough to recognize that imports must serve, first of all, the needs of production for export and that the credits must not be for consumption but must be for the development of the production system. This requires changes in the economic structure, mobilization and flexible accommodation to changing conditions of the incentive system as well as the opening of a wide field for initiatives. One could put together a whole book of catchwords corresponding to these tendencies. It would then become obvious that the book is universal, and useful at each level of economic management and activity.

I will give an example.

In such a book, you would find, and probably in a prominent place, the catchword for improvement in raw material-fuel management. It means, for example, that railroads should carry more goods than they do presently and trucks should carry less. But it also means that the railroads should increase the share of electric locomotives at the cost of steam and diesel locomotives, and the trucking industry should increase the use of diesel-engine vehicles and lower that of gasoline-engine vehicles.

As we can see, to reach the goals that we have set for ourselves we must put into action a whole chain of interdependence. And not just in industry. In the construction of housing we will surely see a limitation of the large-panel

[Answer] Yes, through a system of services directed toward a specific group of people, and even toward specific families. The weak and the strong benefit equally from low prices, although the weak primarily bear the burden. There is no other way of subsidizing production than by reducing real wages.

[Question] Is this division universal in highly developed capitalist countries?

[Answer] I know of no capitalist state where the production of children's shoes, e.g., is subsidized. Children's shoes are more expensive than adult shoes because everyone must buy the latter. On the other hand, school books are free, because they are a direct social service enabling the implementation of educational policy.

Low prices in and of themselves do not bring happiness. Prices are not aimed directly at anyone specific. If we sell at a low price, we do not know who profits from this and how much, and who loses. On the other hand, low prices can hurt society, since they hold up production instead of stimulating it. Every production increase means that the State budget is encumbered with additional subsidies.

[Question] Do you believe that changes in producer and retail prices have been made properly?

[Answer] I have always been an adherent of a general price reform tied in with a wage reform. I stress the word "general," that is, that changes in producer prices should be tied in with retail price changes.

[Question] Are these price changes now separate?

[Answer] Yes, unfortunately. This is why neither of the tasks that could have and should have preceded the price reform have been achieved. They are eliminating subsidies, and thereby achieving profitability, and restoring of market stability.

Undoubtedly, the increase in retail prices was a drastic and socially painful move. The further we are in time from it, the more drastic it appears. The assumption of this price reform, which professor Krasinski presented in his time, was the guarantee of the profitability of food production. A shortcoming of this concept was that nothing was said about market stability. The calculations that were the basis of the price change have not withstood the test of time. The same subsidies to food production that were tacked on formerly continue, and I suspect that before long they will increase. Thus, the new prices have not eliminated subsidies. We do not know who has suffered as a result and who has profited, but certainly all of society will have to bear this tremendous burden.

We initiated the reform of producer and retail food prices separately. In light of this, neither one was able to ensure the profitability of production.

ever more the incentive aspect of salaries. Many conditions account for this state of affairs, but in sum it does not hasten a solution to the crisis.

The lesson of the "blind leading the blind" is not enough.

Recently, much has been written about the changes of bad habits and routine. One consolation could be that in the large plants they have not been an obstacle to preparing and introducing reform. But routine is still present in the state and economic administration. The causes of this state of affairs have also been described. I wish to stress one which is less often mentioned: underestimation of science on management and organization. There has been a noticeable lack of its representatives in the commission for economic reform. Only recently the representatives of this scientific society have been received by ranking state and economic officials. But it is not a question of etiquette but simply that generally the "organizers" were treated as hobbyists or, at best, as people whose ideas could not be applied in our country.

Not long ago, there was a verification of the qualifications of the administrative staffs. It was certainly useful; but could it be that it was operating on the principle of the "blind leading the blind," i.e., one routine-bound official verified the qualifications of another.

Today, we do not need this principle; we need to apply the knowledge about organization and management at all levels of the economy. I trust that this problem, too, will be understood by the two new consultative organs of the Sejm and the government.

The new model requires that we remember the old mistakes, but above all, it needs to be based on modern methods of management and activity that will free the initiatives favorable to restructuring of the economy in the course of a few years.

This We Want To Undo

Year	Industry Growth Rate		National Income Growth Rate	
	Gross production	Net production	Generated	Distributed
	(In constant prices, previous year = 100)			
1978	104.9	102.7	103	101
1979	102.7	98.3	98	96
1980	100.0	95.9	94	94
1981	89.2	81.1	87	87
	(In constant prices, 1978 = 100)			
1981	91.6	76.5	80	79

9947
CSO: 2600/698

POLAND

NEW PROPOSALS ON PRICE STRUCTURE REPORTED

Warsaw ZYCIE GOSPODARCZE in Polish No 21, 13 Jun 82 p 5

[Interview with Professor Dr Jozef Popkiewicz by Karol Szwarc; date and place not given]

[Text] [Question] Economists are saying that the increase in retail prices is not the result of reform, but of the crisis situation. On the other hand, many people link this increase exclusively with the reform. Who is correct?

[Answer] I have not the slightest doubt that the price increase is a consequence of the decline in production. But even if it had not declined, the price increase would have necessarily been the result of the excessive wage escalation that was not covered by an increase in productivity.

These phenomena in Poland overlap one another. This is why the price increase was inevitable. It should have been initiated much sooner. However, the conditions for gaining society's approval of it did not exist.

[Question] Is it true, that every price change strikes at those who are the poorest?

[Answer] We are always using this argument. It encumbers all economic decisions. But without solving economic problems, we cannot solve social problems. For if a price increase enables us to maintain market stability, to ward off the breakdown between agriculture and industry and to protect co-production ties within industry itself, we will have available a much larger amount of goods and services. Thereby, we will be better able to serve the needs of society.

That is why I do not believe that we can implement social policy by a reduction in retail prices alone. These have a comprehensive impact. Setting them up on the basis of social exigencies, we usually implement one of our desired goals and create conditions for the occurrence of socially unfavorable phenomena.

[Question] Then I presume that you are an adherent of a social policy conducted mainly by means of a system of services.

technology that is imposed by profitability analyses. The achievement of this change will depend, among other things, on the development of a local basis for obtaining raw materials and on the production of construction materials.

The "thermometer" of the process of structural changes will be the profitability of these activities. In April of this year, banks were entering into credit agreements with industry based precisely on the analysis of profitability. Such instruments as taxes and foreign-exchange allowances should be used more boldly to stimulate those activities which are profitable and energy-and material-efficient and facilitate export production or fulfill market demands. They will result in the fact that the work force will link their own interest not only with that of the enterprise but with the interest of state and society as well.

It should also result in individual initiatives in production and services. Legislative confirmation of the equality of the three sectors of the economy in the city and in the countryside will favor that development. It is not a matter of letting someone sense a good "deal"; rather, it is in the interest of society to free all the initiatives leading to the goals set by the state in the plans and programs. Therefore, the production which is unprofitable both to the producer and to society will decrease. Social interest will oppose the waste of means and labor. The more flexible the economic policy, the sooner will these tendencies take hold. At the same time, two dangers may appear: underestimating the interdependence of the results of the undertaken initiatives; and bad management habits.

The two things have something in common.

The economic nonsense of the 70's consisted in creating too many development programs requiring tremendous outlays which exceeded considerably the real capabilities of the economy. We must make sure that this mistake will not be repeated now. That is why the Sejm [Parliament] has received broad powers over government programs and the extent of investments.

The interdependence of the programs and developmental initiatives must also be analyzed on all the economic levels: from the sources of supplies, through co-production, to the final product. This is exactly what was missing when the program and investment initiatives were being taken in the past 10 years. But even today there are complaints from those, who are to implement the operational programs, about their noninclusion in the overall production process.

Interdependence is not limited to the "production flowline." Poor salary systems caused, for example, an exodus of experts from small enterprises in the industrial regions to large factories, and poorly thought-out placement not only of combines but even of ordinary dairies, without sewage treatment facilities had ruined many rivers. But there are many and complex cases of interdependence. The change of the economic structure will often clash with the interests of those who will have to change trades or jobs. The still necessary state control of the market gives rise to a black market, but it also leads to local decisions which are contrary to economic thought. The socially justified compensation for price increases, increases in social services, etc., diminish

The changes in retail food prices caused an increase in costs as a result of the compensations that were paid out. In conjunction with this, producer prices stopped guaranteeing profitability, and vice versa. The changes in producer prices were not written into the changes in the retail prices of food.

[Question] What about the changes in the price of manufactured goods?

[Answer] They are the result of economic reform and of the reform of producer prices. Economic reform has enabled enterprises to set profitable prices. It is all the same whether they are regulated or conventional prices.

[Question] Then they are tied in with the reform!

[Answer] Yes. The changes in producer and retail food prices, although they did not fulfill new tasks, were necessary, and it is good that they were initiated. I cannot imagine the market today without them. But the hope for market stability is linked to economic reform, which guarantees enterprises profitable prices approaching stable prices.

[Question] Approaching or guaranteeing?

[Answer] Profitable prices are not yet stable prices because of the relationship of nominal income to current supply. Demand grows continually. Consequently, profitable prices do not stabilize the market. This is all the more so, since supply continues to decline.

There has been a wave of protest against the price increases of some manufactured goods. Not of all of these have been rational protests, as in the case of automobiles. It pleases me to see more articles on the shelves of department stores, even if the increase is very slow.

[Question] In the past 2 months, food supplies have increased and manufactured goods have decreased.

[Answer] But we still have instability on both markets.

[Question] Is the manufactured goods market the more unstable?

[Answer] It is hard to say, since we still do not have stable prices for these goods.

[Question] Does rationing dictate the demand for food articles?

[Answer] Not only for food articles. We also have rationing in the field of manufactured goods. What's more, its scope continues to broaden, although we wish to protect the living standard of those who are most poorly paid. Rationing throws my household budget out of kilter as well. Although I drink very little, I bought four bottles of liquor in May, although I do not smoke, I bought an allotment of cigarettes. Now I guess I can kick

the habit. Rationing is only apparently just. Everyone pays low prices, but it is not known who profits from this and how much.

Meanwhile there are two alternatives to this: rationing or stable market prices.

[Question] Given the current situation, which do you favor?

[Answer] I favor stable market prices. Every kind of rationing is a source of waste.

[Question] Will society accept this solution?

[Answer] If it can endure waste related to rationing, it can stand the entire process of attaining stable prices that waste liquidates little by little.

I understand fully that in the current situation, society cannot stand stable prices for all goods. So stable prices should be introduced selectively, with restraint, but consistently. We should begin with those goods and services that people can do without for a time. For example, I do not understand why automobiles are being sold at current prices, since we all know that they could be purchased at higher, stable market prices, as the automobile exchanges confirm. I know that this too would put a dent in my wallet. Perhaps this is the reason for the outcry of those whom it concerns. But there can be no other way.

[Question] In other words, first stable market prices for luxury items, then, as the supply is restored, for those goods that determine the living standard of middle income families, and finally down to basic necessities until rationing is totally eliminated.

[Answer] It is exactly this road that lies before us if we are seriously considering an effective economic reform. It is fully possible only with a stable market. Given the existing price system, no type of freedom that we give enterprises will change the market. Enterprises are becoming monopolists against their will. For freedom under current circumstances is the possibility of concealing every sort of waste and bungling in costs. I do not blame the enterprises for this. They behave in the manner dictated by the operative economic mechanisms. They have no power to do otherwise.

[Question] I conclude from this that the road to stability passes through inflation.

[Answer] What harm will inflation cause? It will only make things more realistic, and will not reduce the living standard.

[Question] But this can be socially detrimental.

[Answer] All inflation is attended by negative phenomena. Among other things, it can worsen the situation of the lowest income families. Aided

by the principle that we wish to protect these groups of people, we have dangerously leveled the wage structure, in this way weakening their motivational force. At the same time, we have broken down the proportions between work income and income from social services.

[Question] ...And one senses a greed for money.

[Answer] This is a positive phenomenon. If it were accompanied by wage reform associating an increase in income with effective work, nothing better could happen!

[Question] How do we go about eliminating waste in production, thereby reducing costs?

[Answer] Some see our salvation in the restoration of competition. They have in mind such free competition as exists nowhere in the world.

I have given some thought to whether conditions exist in socialism for restoring competition. As I have stated, it is certain that enterprises are becoming monopolists against their will, for they are operating under conditions of a producer's market.

[Question] Then how can this producer's market be transformed into a consumer's market. What can be done so that the consumer's market may have an impact upon the quality and quantity of production?

[Answer] In capitalism, the essence of competition is selling difficulty, regardless of whether enterprises are monopolists. Even monopolistic enterprises do not sell at the highest possible price since this would cause a drop in demand. Thus, they sell at stable market prices. It does not pay to sell at lower prices, and they cannot sell at higher ones.

Unfortunately, our enterprises are interested in selling at prices that are lower than stable market prices, although they do not always realize this. And they can do it!

[Question] Why do you say that they can do it?

[Answer] They are not motivated by needs or social preferences, but by their own interest, which means ensuring themselves as effortless a production profitability as possible under such conditions. With such prices they can sell products regardless of their quality. A price that covers costs and is contingent upon them does not create incentives either for improving quality or for increasing production volume, since this might make it necessary for the enterprise to cut prices and encounter selling difficulty.

[Question] How can these tendencies be broken down?

[Answer] We must bridge the gap between stable market prices and the lower price that is profitable for the enterprise.

[Question] How do we bridge this gap?

[Answer] Editor, this will horrify you and your readers all the more. We must raise the current selling prices to the level of the stable market price. This would be an advance jolt. At some time, enterprises would come to this on their own, but the related losses would be very great.

The funds obtained from bridging the gap between previously profitable prices and stable prices could be directed into the State budget in the form of an individualized monopoly tax. In this way, funds would be created for financing social services, and even for increasing the wages of employees in the nonmaterial sphere.

[Question] This tax could be too subjective.

[Answer] Experience would determine this. If it turned out to be too high, then selling difficulties would certainly arise and reserves would be created. There would have to be a clearance sale and a reduction in the tax.

[Question] Do such high prices hit lowest income families the hardest?

[Answer] In my opinion they hit the highest income families the hardest. During the initial period, they would be in a position to buy goods at the highest prices. The entire process would begin with luxury items. And, as I already stated, more funds would be collected to implement the tasks of social policy. Nor do I exclude the fact that certain goods and services, such as education, science, health care, culture and the arts should be subsidized to make them universally accessible. On the other hand, the distribution of the national income should be achieved mainly through wages and prices. Then the motivating power of wages would be greater.

[Question] Let us return to your proposals.

[Answer] A stable market price itself causes selling difficulties. A consumer's market would be created. Then, every enterprise would have to try to sell its goods in order to make profit. Every increase in profit, on the other hand, would be possible either by a reduction in costs, by expanding production, or by increasing quality. Every increase in production should be accompanied by a price reduction, and thus by a reduction in the proposed tax. This tax would be eliminated when the optimum price from the viewpoint of social interests was reached, i.e., a stable market price guaranteeing a profit not higher than the average. In such a way, the proposed monopoly tax would cause a price increase only in the first stage. Ultimately, however, it would have to lead to the systematic reduction of prices as production volume increases. But creating a producer's market, along with its familiar consequences, once again must be avoided.

[Question] Who is to perform this operation?

[Answer] Two organs are appointed for this: the Pricing Office and the Ministry of Finance.

[Question] I believe that in the current crisis situation your proposals will be difficult to implement.

[Answer] I agree. They are as difficult to implement as the economy is difficult to reform in the crisis situation. Objectively, the existing socioeconomic conditions make reform difficult, but it must be initiated. Nothing worse than the failure to reform could befall us. Nor is there any other way out.

[Interviewer] Thank you for the interview.

8536
CSO: 2600/705

FIRST QUARTER INVESTMENT FIGURES PUBLISHED

Warsaw ZYCIE GOSPODARCZE in Polish No 25, 11 Jul 82 p 2

[Article by Ch.M., based on Main Statistical Office (GUS) materials]

[Text] Information on investments takes up a relatively small amount of space in current assessments of the socioeconomic situation. This is partly due to delays in preparing data pertaining to investments in comparison, for example, with production. Additional problems are caused by the fact that most of the tasks implemented by the investors have not yet been converted to 1982 prices.

But some observations on the investment processes are possible and should be considered. Since 1978 an exceptionally large decline in investment outlays is occurring in the national economy, outlays which in current prices approached an annual range of 700 billion zlotys. In 1981 they amounted to only 472 billion zlotys, which, after eliminating the effect of price increases, means a reduction in investment of more than one half.

Data for the first four months of this year show a further reduction in investment outlays. The value of the investment outlays implemented during this period in the socialized economy is estimated at 161 billion zlotys, including 97 billion zlotys for construction-assembly works and 57 billion zlotys for purchases of machines and equipment. In comparison with last year this indicates a further overall drop in investment outlays of 31 percent, including 26.8 percent for construction-assembly works.

The strong deceleration of the rate of the investment causes delays in allotting investments for utilization. It can be said, of course, that in many fields these delays may even be justified, since the lack of materials supplies makes it impossible to make use of the already existing production capabilities. But as a result, large freezing and commitment of investment remains. At the end of last year, investment freezing in the socialized economy reached a value of 853 billion zlotys, compared with 793 billion zlotys at the end of 1980 and 361 billion zlotys in 1975. Meanwhile, the value of investment commitment at the end of 1981 amounted to 1,225 billion zlotys in relation to 1,292 billion zlotys in 1980 and 715 billion zlotys in 1975.

There still are no verified data on how freezing and commitment of investment is currently shaping up, but everything points to the fact that these amounts continue to be very high. During the January-April period, construction investment tasks (not including small-scale industry) with a total cost-estimate value of scarcely 42.1 billion zlotys were turned over for utilization in the national economy. This was half the tasks expected to be turned over for utilization during this period.

First-quarter data reveal that in the group comprising central-plan units, the relatively greatest delays in turning over investments for utilization occurred in the agriculture and food economy and forestry and timber industry ministries. In the first of these, only 43.5 percent of the tasks expected to be released for implementation during the first quarter were actually released. In the Ministry of Forestry and Timber Industry, advancement of the implementation of the annual plan from the standpoint of value of investment tasks turned over for utilization amounted to 0.5 percent.

However, reduction of newly begun investments can cause a certain decrease in the investment freezing and commitment sums. During the first quarter, cost-estimate value of begun investments amounted to 7.5 billion zlotys. This was approximately 0.3 percent of the total cost-estimate value of investments implemented.

In April a certain increase in the number of investment tasks begun took place: from 651 in the first quarter to 1,436 for four months. As a result, the total value of investments begun in the current year increased to 19.8 billion zlotys. It appears from this that tasks of a relatively low cost-estimate value dominate here, averaging approximately 10 to 15 million zlotys. The bulk of them (692 tasks, which is 48 percent of the total number of them, and 34 percent of the cost-estimate value) are in agriculture. Of industry, the relatively largest share in tasks begun during the first four months of this year is in the chemical industry (54 tasks with a value of 1.4 billion zlotys) and electrical machinery (100 tasks valued at one billion zlotys). Next is the coal industry (10 tasks valued at 0.5 billion zlotys), then food (69 tasks, 0.4 billion zlotys), minerals (40 tasks, 0.33 billion zlotys), and light industry (49 tasks, 0.29 billion zlotys).

9295
CSO: 2600/788

SPECIAL CURRENCY EXCHANGE RATE PUBLISHED

Warsaw TRYBUNA LUDU in Polish 19 Jul 82 p 7

[Text] Announcement of Exchange Rates Table No 29/82, effective 19 July 1982, by Stanislaw Nieckarz, for the president, Polish National Bank, on 21 June 1982.

In purchases of travelers' checks for rubles, issued by the USSR Foreign Trade Bank and payable outside the USSR in the currency of the country where cashed, an exchange rate of 11,758.80 zlotys per 100 rubles is applied.

I. The currency exchange rate in zlotys for countries of the first payments area in commercial and noncommercial payments have not changed.

II. Foreign-Currency Exchange Rates in Zlotys for Countries of the Second Payments Area [Capitalist Countries].

Exchange Rates Table No 29/82

Country	Curr Symb	Currency	Foreign Exchange Purchase 4	Foreign Exchange Sales 5	Money Purchase 1	Money Sales 2	Average 6
Saudia Arabia	771	1 rial***	25.00	25.26	--	--	25.13
Australia	781	1 Austral dollar	87.22	88.10	85.91	89.41	87.66
Austria	786	100 schillings	492.54	497.50	485.12	504.92	495.02
Belgium	791	100 francs	182.14	183.98	179.40	186.72	183.06
Denmark	792	1 kroner	10.02	10.12	9.87	10.27	10.07
Finland	780	1 markka	181.3	18.31	17.86	18.58	18.22
France	793	1 franc	12.46	12.58	12.27	12.77	12.52
Greece	724	100 drachmas	123.74	124.98	107.25	126.85	124.36
Spain	785	100 pesetas	76.88	77.66	75.72	78.82	77.27
Holland	794	1 florin	31.41	31.73	30.94	32.20	31.57
India	543	100 rupees***	898.61	907.65	--	--	903.13
Ireland	782	1 pound***	119.28	120.48	--	--	119.88
Japan	784	100 yen	33.66	34.00	--	--	33.83
Yugoslavia	718	100 dinars	170.29	172.01	147.60	174.57	171.15
Canada	788	1 Canad.dollar	67.64	68.32	66.62	69.34	67.98
Kuwait	770	1 dinar***	298.92	301.92	--	--	300.42
Lebanon	752	1 pound	16.54	16.70	16.29	16.95	16.62
Libya	651	1 dinar***	290.43	293.35	--	--	291.89
Luxembourg	790	100 francs	182.14	183.98	179.40	186.72	183.06
Norway	796	1 kroner	13.50	13.64	13.30	13.84	13.57
Portugal	779	100 escudos	101.77	102.79	88.20	104.33	102.28
FRG	795	1 mark	34.64	34.98	34.11	35.51	34.81
United States	787	1 dollar*	86.00	86.86	84.70	88.16	86.43
Switzerland	797	1 franc	40.58	40.98	39.96	41.60	40.78
Sweden	798	1 kroner	14.01	14.15	13.80	14.36	14.08
Turkey	627	100 pounds	52.44	52.96	45.45	53.75	52.70
Great Britain	789	1 pound**	148.47	149.97	146.24	152.20	149.22
Italy	799	100 lira	6.19	6.25	5.37	6.34	6.22

* Valid also in clearing accounts with the following countries: Bangladesh, Brazil, Ecuador, Greece, Iceland, Kampuchea, Colombia, Lebanon, Pakistan, Peru and Turkey.

** Valid also in clearing accounts with the following countries: Nepal and Pakistan.

*** The Polish National Bank does not purchase money in these currencies.

CSO: 2600/799

1981-1985 DEVELOPMENT PROGRAM FOR AGRICULTURE, FOOD INDUSTRY DISCUSSED

Warsaw WIES WSPOLCZESNA in Polish No 2, Feb 82 pp 13-22

[Article by Boleslaw Struzek]

[Text] The subject of this article is a draft plan of development in agriculture and the food economy from 1981 through 1985 (in its December 1981 version). At the beginning of February 1982, the Council of Ministers commissioned the Ministry of Agriculture and the Food Economy to present an updated, comprehensive plan of endeavors in the area of agricultural development. According to the resolution, "their primary, long-term goal should be the attainment of food self-sufficiency." At the same time, the ministers of the Metallurgy and Machine Industry and Chemical and Light Industry "are to present the government with proposals for further actions toward effectively shifting industrial production to serve agriculture" by the end of February. After the government has examined the updated program, it will be subjected to a Sejm debate during the second quarter of 1982. I believe that at this phase of work on the program, a discussion may be vitally important.

A Characterization of Major Program Assumptions

The lack of extensive information about the contents of the program obliges us to do a synthetic characterization. The major goals of the program are the stabilization of food consumption calculated per inhabitant, a significant reduction of the negative foreign trade balance for agricultural-food articles or the attainment of full self-sufficiency and ensuring income parity for farmers computed in terms of full-time employment. The selection of major goals is different from those of previous five-year plans because of the special nature of the 1981-1985 period.

Secondary goals include: improving management efficiency by making better use of farm production potential, the potential of the food economy and current production outlays and by limiting losses in all elements of the food chain; restoring the proper proportions between crop and animal production (the domestic equilibrium of agricultural production); better adapting the structure of crop and animal production to needs; improving working conditions and the life of the farm population.

The average yearly increase in total agricultural production was put at 2.5 percent more than from 1976 to 1980, broken down into 2.8 percent for crop production and 1.8 percent for animal production. Industrial production of food is to increase by a yearly average of 3 percent.

Significant changes in sowing structures are planned in crop production. The area of potato cultivation and of fodder crops above all is to be reduced by 1985 by nearly 700,000 hectares, while there is an increase projected for the sowing of grain--by 254,000 hectares (3.2 percent), of legumes for seed--by 102,000 hectares (54 percent) and of industrial crops--by 229,000 hectares (24 percent), as well as root vegetables. The increase in productivity per hectare of cropland has been set at 17 percent; thus, crop production from 1981 through 1985 should increase by a yearly average of 104 kg of grain measures per hectare of the UR [cropland].

The following is a forecast of the harvests of major crops for 1985:

	in millions of tons	increase compared to averages from 1980-1981 (in percentages)
grain	24.3	27
potatoes	46.2	33
sugar beets	16.5	26
oleaginous crops	9.1	68
vegetables	5.1	17
fruits	2.1	43

In 1985, there should be the following number of head of livestock: cattle in general--13.0 million head (an increase of 10.2 percent over 1981), including cows--5.8 million head (a reduction of 2.6 percent) and hogs--21.0 million head (a decrease of 1.5 percent); sheep should increase by 7 percent or 4.5 million head.

Slaughter livestock production in 1985 should reach a level of 4.5 million tons (2 percent more than in 1980); milk production should reach 18 billion liters (up by 12.5 percent); egg production should reach 9 billion (1.1 percent more) and wool production should reach 14,200 tons (up 11.6 percent).

For the achievement of these production tasks, the level of fertilizer consumption is to increase to 220 kg per hectares of UR, and a more than 3-fold increase in deliveries of pesticides as well as an increase in the consumption of fertilizer lime, are projected. The draft plan has not specified deliveries of concentrates and full-batch concentrated fodder. However, it has set the import of grain and high-protein fodder for 1985 at 4.2 million tons of grain measures (of which 52 percent is to be high-protein fodder). For the implementation of this plan, market deliveries of fodder could be maintained at 1981 delivery levels (with a change in their structure).

Investments outlays for the food economy from 1981 through 1985 are planned at 735 billion zlotys (according to 1981 prices). This is an increase of

their share in total investment outlays for the national economy from approximately 22 percent for the 1976-1980 period to nearly 35 percent. However, it is only a relative increase, since the general restriction of investments will bring a decline in investment outlays for the food economy by nearly 2 percent by comparison with the previous 5-year period.

These investment outlays have been designated in the following way:

--13.6 percent for industries producing the means of production for agriculture, primarily for the tractor and farm machinery industry and for agricultural chemistry (100 billion zlotys);

--66 percent for farm production together with service enterprises (485 billion zlotys);

--20.4 percent for the food and fodder industry (150 billion zlotys).

In light of such a meager increase planned for foreign deliveries of the means of production, the authors of the program place much hope in the correct agricultural policy, in the use of the suitable economic mechanisms and in social policy.

The Marketable-commodity Grain Production Sector

A primary goal of the program of agricultural development is to ensure the country food self-sufficiency. The most unfortunate result of the lack of this self-sufficiency is a large grain import that makes our food economy dependent upon one main contractor. Consequently, the most important problem toward our achieving food self-sufficiency is the grain problem. Its solution is to be envisaged in at least three mutually determined aspects: the level of grain production, grain management and the marketable agricultural product yield of grain production.

During the past 20 years, grain production in Poland increased less than 30 percent. From 1971 to 1975 alone, we attained a more significant rate of increase in harvests (by 23 percent by comparison with the previous 5-year period). A real grain revolution occurred during this period in developed countries, manifested in the relatively consistent high yields and an increase of the share of grain in the sowing area. The importance of grain in the agricultural economics of these countries also increased. Meanwhile, in our agriculture two basic groups of crops, grain and potatoes, occupying approximately 70 percent of the sowing area, are in a state of decline. Thus, a major issue in the solution of the grain problem is an increase in yields. We should do everything possible to reach the planned increase of grain yields of up to 30 quintals per hectare by 1985. "Everything" means, above all, improving the state of seeding and fertilization, increasing the level of agricultural engineering, ensuring a successful battle against weeds and diseases and reducing harvesting losses. A certain reserve of the production increase still lies in increasing the grain sowing area, especially in the socialized sector of the farm economy. Without violating the principles of the rational rotation of the share of grain in the sowing area, it is possible to increase its share to 56 or 57 percent, for an increase in the present sowing area of approximately 350,000 to 400,000 hectares.

An improvement in grain management is primarily determined by a reduction in the grain-intensiveness of feeding animals. From 1960 through 1980, meat production in the socialized farm economy rose more than 6-fold. The share of this sector in meat production increased from approximately 10 percent in 1960 to approximately 33-34 percent in recent years. From 1973 to 1980, the share of the farm production of meat in private farming likewise rose significantly. Excessive grain consumption bordering on 2 to 3 million tons is likewise related to this. Agricultural accounting data confirms this increase of grain-intensiveness in feeding,* for example, in 1970/1971 per statistical head of hogs on farms [there appears to be a passage missing in the text here, T.N.], as well as 1,177 kg of potatoes. In 1979/1980, grain and ground grain consumption rose to 216 kg (by 54 percent) and potato consumption dropped to 921 kg (a decline of 22 percent). The general consumption of concentrated fodder per statistical head of hogs from 1970/1971 to 1979/1980 rose from 278 to 373 kg, or 35 percent; per statistical head of cattle, the increase was 92 percent (from 157 to 302 kg). Consequently, given our conditions, great reserves for conserving grain are embedded in the change in the intersector allocation of meat production and the change of the system and technology of animal feeding.

The third aspect of the grain problem noted above is the problem of organiizing marketable-commodity grain production. I have already noted the decline of grain on the production plane. The decline of grain on the economic plane is a still more serious phenomenon. In 1970, the share of grain in the general value of farm product procurement was 12.9 percent, while in 1980 it dropped to 6.1 percent for all of farming, and to 3.3 percent for private farming.** In the value of crop procurement, the share of grain likewise declined from 31.7 percent in 1970 to 13.2 percent in 1980, while its share in private farming dropped to 12.8 percent. Grain ceased to be a marketable commodity. Undoubtedly, the unsteady pricing policy had an impact on this.

In order to meet consumer and industrial needs, grain procurement should increase annually by 7 to 8 million tons, depending on the volume of grain imports. Is it possible to implement such a procurement volume? Let us now examine the potential of the various groups of farm producers.

In 1980, there were 1.723 million farms with an area ranging from 0.5 hectares to 5 hectares of cropland, averaging 2 hectares of cropland per family. In this group of families, direct labor resources are more than 2-fold higher per hectare of cropland than in the group of farms averaging 7 to 10 hectares. Proprietors of farms of 0.5 to 5 hectares are interested in the intensive organization of production (a large share of work-intensive crops, the development of animal production). On such a farm, less than 0.8 to 0.9 hectares of cropland is devoted to grain cultivation, and a relatively large

*"Wyniki rachunkowosci rolnej gospodarstw indywidualnych 1979/1980" [The Results of Agricultural Accounting on Private Farms 1979/1980], IER [Institute of Agricultural Economy], Warsaw 1981.

** "Skup produktow rolnych w 1981" [Farm Product Procurement in 1981], GUS [Central Office of Statistics], Warsaw 1981.

area is devoted to potatoes. In the nature of things, grain production on such farms cannot be marketable-commodity production. It should be processed in its entirety for animal production. Animal production on these farms is characterized by the lowest grain-intensiveness. For example, according to agricultural accounting data, on farms of up to 3 hectares, the consumption of concentrated fodder mixtures per statistical head of hogs in 1979/1980 was 22 percent less by comparison with farms of 10 to 15 hectares, and potato consumption was 26 percent greater. For the same year, the consumption of grain, ground grain, bran and concentrated feed mixtures per statistical head of cattle was 21 percent lower on farms of up to 3 hectares.

There may be some grain surpluses on farms of 5 to 7 hectares, especially those that raise animals less intensively and have fewer direct labor resources.

In practice we may expect farms with an area of more than 7 hectares to have a greater marketable grain yield. There are about 800,000 such farms. They make up 60.5 percent of the general area of cropland in the private sector and approximately 50 percent of the potential grain sowing area in the country. If the marketable grain yield from these farms were approximately 40 percent, then with yields of 30 quintals per hectare, they could supply 4.8 million tons of grain, leaving approximately 7.2 million tons for their own needs.

Assuming the current area of arable lands in the socialized farming sector and an increase in the share of grain in the sowing structure to about 55 percent (in private farming this share has exceeded 56 percent for years), the area sown with grain can reach approximately 1.8 million hectares. With yields of 30 quintals per hectare and 50 percent marketable grain yield, the socialized sector would be in a position to supply about 2.7 million tons of seed and consumer grain.

Under these assumptions, the marketable grain yield would shape up in the following way:

--private farms of 5-7 hectares		0.5 million tons
--private farms of more than 7 hectares		4.8 million tons
--socialized farms		2.7 million tons
	total	8.0 million tons

The contracting of consumer and seed grain for industrial purposes as well could include 750,000 to 850,000 private and socialized farms. These producers should be organized into a separate branch association, which would be a partner of the Ministry of Agriculture and the Food Economy in developing grain policy. Farms contracting grain would have good conditions for attaining high yields guaranteed.

For the purpose of increasing profitability, in addition to a profitable price, farms contracting grain could have a partially frozen land tax.

In recent years, about 90 percent of all socialized grain procurement was implemented from the territory of 26 voivodships. The share of the remaining 22 voivodships in domestic grain procurement was insignificant. As a rule, these were voivodships with an especially where the farm land was broken up into a great many parcels. It is evident in practice which regions and groups of farms are capable of developing marketable-commodity grain production.

Is the Program of Agricultural Production Development All Wrong?

In the draft plan of agricultural production development for 1981-1985, a much more rapid growth rate is envisaged for crop production (by 15.4 percent) than for animal production (9.7 percent). By comparison with the disastrous year of 1980, the planned crop production increase for 1985 is 34.3 percent. For this same period, the planned increase in slaughter livestock production is 2 percent and the planned decrease in meat consumption (assuming self-sufficiency) per person is 19 percent, or down to 60 kg, which is the 1972 consumption level.

Similar assumptions were used in the agricultural policy for the years 1960 to 1970 (the trend toward grain-fodder self-sufficiency, more favorable conditions of crop production development). The average yearly level of production in 1966-1970 compared with 1961-1965 rose: by 15.3 percent for total production, 17.7 percent for crop production and 12.5 percent for animal production. Per person meat consumption in 1959 was 44.1 kg, in 1965 it was 49.2 kg, and in 1970 it was 53.0 kg. This entire 10-year period was marked by stagnation in farmer income and by extreme income disparity. In itself, the preservation of the formally favorable proportions between the growth of crop production and animal production could not solve many problems.

I believe that by returning in 1981-1985 to the model of the increase in meat production from the 1971-1973 period, we could attain a significantly higher increase in meat production than planned. This model consists of expanding slaughter livestock production, especially slaughter pork, on private farms. Over 84 percent of the general increase in the number of hogs in 1970-1973 (6.336 million head) was on private farms. At that time, non-grain fodder was still being used to fatten hogs. This made it possible both to increase the export of meat and cured meat products and to raise the level of per capita meat consumption significantly in a short time (an increase from 53.0 kg to 62.1 kg, or a greater increase over these 3 years than from 1959 to 1970).

However, in order to adopt a higher index for the increase in slaughter pork production in the draft plan, we would have to pay more attention to the fodder problem, and particularly to the development of the waste-recovery industry and trade and to an increase in the production of concentrates and vitamin-mineral additives. We would also have to place more emphasis on creating a technological base for making better use of potatoes as basic fodder for feeding hogs. The Ministry of Agriculture and the Food Economy should again resume its abandoned efforts on a comprehensive fodder program. Obviously, this program should be adapted to the conditions and possibilities of the current five-year plan.

Here once again we have the phenomenon of a program that is all wrong. Although the concept of basing animal production on commercial mixtures of concentrated fodder was launched in 1974-1979, it was undoubtedly an extremist concept. However, the current idea that farm producers alone should be concerned about fodder is also extreme.

Investment Policy

In the draft plan, the share of the food economy in total investment outlays for the national economy is high (35 percent). Of the planned investments in the food economy (735 billion zlotys), 250 billion zlotys (in 1981 prices) are earmarked for investments in the industrial sphere and 485 billion zlotys are designated for agriculture directly. Thus, investments in agriculture represent about 23 percent of all investment outlays for the national economy in general. The share of investments implemented on private peasant farms is another circumstance moderating the encumbrance of the national economy with farm investments. Their economic function is different from the function of investments in the socialized economy. The supply of investment goods on the rural market plays an important role in influencing the distribution of farm income for consumption and savings. Moreover, the supply of these goods is a vital element of equilibrium on the rural market. It is an especially important condition for activating production and stimulating the development of marketable-commodity production. This is why investment policy must aim hard to meet farmers' demands for capital goods (tractors, farm machinery, farm automobiles, construction materials, livestock breeding material and the like). The share of investments implemented in the private economy in total investment outlays for agriculture should be at least 55 to 60 percent--a higher percentage would be even better.

What other problems are there in the investment policy of the food economy? Investment outlays are projected mainly for the development of industries producing the means of production for agriculture (100 billion zlotys, or 13.6 percent of the planned investments for the food economy), and they do not ensure that our most urgent needs will be covered. The most urgent needs of the chemical industry already amount to more than 60 billion zlotys. Outlays for tractor production absorb a considerable sum. A significant increase of deliveries of machinery and mechanical equipment for agriculture and the food industry has been projected. The feasibility of plans to intensify farm production and the implementation of the agricultural investment program are contingent upon an increase in production in these industries.

Investments associated with water management in agriculture represent a second, likewise serious problem. The sum of 68 billion zlotys, or 14 percent of total investment outlays in agriculture is earmarked for the entire 5-year period to implement a land reclamation program and to supply rural areas with water. Shortages in materials supply and particularly the severe shortage of drainage pipes, both ceramic and made from PCV [polyvinylchloride] are the major barrier to increasing outlays in this direction of investment. The stagnation and regression that date from the beginning of the 1970's threaten to continue through 1981-1985 in the field of land reclamation. Moreover, there is also the pressing problem of implementing a program of flood control.

The Agricultural Market

The share of the socialized sector in farm production--both total and commodity production--has declined as a result of the transfer of some lands from the socialized sector in 1979-1982, and as a result of the decline in animal production in this sector. The role of the private farm economy has increased. Given this situation, the proper functioning of the market becomes a problem of special importance.

Economic reform creates conditions for a new structuring of relations between rural trade and industry. Rural trade must make full use of this opportunity; it must actively mobilize indispensable bulk goods and have an impact on industrial enterprises, small-scale industry and trade.

If we are to give up our umbrella of security (full of holes) that covers us with distribution lists and allocations, for a policy of active methods of goods purchasing we need a basic shift of the employee cadres throughout the entire rural cooperative program. Increasing the potential of rural cooperatives' own transportation will be indispensable. The cooperatives should become the promoter of the production of goods found in agriculture and in villages as quickly as possible.

Economic reform, together with price reform, gives us the chance to abandon all forms of tied-in sale and rationing. The draft of the above program states that raising the prices for the means of production will enable us to lift rationing gradually. For the interim, however, the tendencies toward universal contracting linked with the meticulous rationing of the allocation of the means of production is causing alarm. Under such a concept, the trade enterprise becomes a bureaucratized agency. It loses the ability to penetrate and organize the markets of particular products, fails to be concerned with good relations with the producer, with serving him honestly and efficiently and providing him with information and advice. I believe that we already have the conditions necessary for shifting to a system of free trade in coal, construction materials, machinery and equipment and fertilizers. Some fodders and concentrates should also be sold in free trade. Only then will the market attain the indispensable clarity and be in a state to fulfill its proper functions.

Farm Policy Stability and Producer Confidence

In the sphere of extramaterial factors impacting on production results in a vital way, the question of farm policy stability and producer confidence is now in the fore. In 1981, important concepts, programs and slogans battled against each other. Many myths from the junk heap of the past were overcome. Under the pressure of averting catastrophes in food supply, authorities changed the operative farm policy from month to month. This made the uncertainty of the economic situation of producers more serious and it made correct decision making more difficult. Since martial law was initiated, farmers have been fairly universal in asking: What will the farm policy be for the next few years? They must be given a complete answer, not only in the sense of a political statement, but primarily in the form of real actions and facts.

First, the principles of the modified agricultural policy, contained in a joint resolution of the PZPR KC [Central Committee] Political Bureau and the ZSL [United Peasant Party] NK [Supreme Committee] from January 1981, must be fully implemented. The most important changes in the system of agricultural policy--in accordance with universal peasant demands--express the principles of the setting of profitable prices, the parity structuring of real income for farmers, security and the certainty of running a private farm, equal treatment in farm policy for the particular sectors of farming, the creation of conditions for the development of an authentic, independent peasant self-government and the development of social policy that would lead in a fairly short time to farmers' achieving social parity with those employed in the socialized economy.

Work on the new economic system of agriculture should be completed at the latest by the end of 1982. We must admit that much has been done in this area. A new economic-financial system has been initiated in socialized farming, and new principles of credit policy have been established in institutions and organizations serving agriculture. The policy of selling PFZ [State Land Fund] lands has changed fundamentally. New farm laws have been prepared concerning the protection of farm and forest lands, the merging of lands and changes in the civil code in the area of the new regulations of land transfers, real estate registers and mortgage registers. The updating of the law concerning cooperatives and their relations, as well as the law concerning people's councils will be of great significance. Conditions have arisen for resuming work on the law concerning farm self-government. Many new legal documents on economic reform indirectly affect the development of legal-economic relations in agriculture. The resolution of a new law concerning social security for farmers and their families will be very important. Work on this law must be stepped up so that the new law can take effect 1 July 1982.

The question of farm self-government should be resolved in a manner that is free of emotion and external inspiration, and it not motivated by concern for farmers' interests. The self-government should be able to function effectively as an organizational unit in the shaping of farm policy and social policy; it should effectively represent the professional interests of farmers and should be able to develop independently those directions of activity that can facilitate the expansion of agricultural production and the social-civilizational progress of rural areas. Many valuable suggestions in this area were made in the draft of the socioeconomic program of the ZSL prepared for the ZSL Ninth Extraordinary Congress.

The preparation of a new organizational model of farming and socioeconomic life in the gmina will be an important issue. The implementation of principles of economic reform in the area of agriculture, the development of various forms of rural self-government and the stimulation of the social activism of farmers will all depend significantly upon the proper functioning of these units of the administrative division. Changes in the functioning of gmina institutions are one of the most important conditions for rebuilding the confidence of the rural population.

The principle of a uniform agricultural policy for all sectors of farming should become a condition for the creation of new intersector ties. This can have a vital impact on speeding up biological progress (seeding, breeding, the level of agricultural engineering and the like) and the social division of labor in agriculture, as well as on the development of a systemic unity of farming.

Issues of the regional aspects of agricultural development must also be considered. For example, the entire southern region of the country (approximately 18 to 20 voivodships) differs considerably in its economic and production structure. Farm policy and the entire economic policy in general should be adapted to these specific conditions and possibilities. This is the same for central and northeastern voivodships, which have a great production growth potential.

To sum up, we have a real opportunity, even during the next 3 years, to raise the level of farm production considerably and to increase the impact of agriculture into the process of bringing our economy out of the crisis situation. However, in the course of those 3 years, agriculture should obtain maximum assistance from industry and it should attain the economic and social conditions of rational management.

8536
CSO: 2600/688

SPECIALIZATION IN SHIP CONSTRUCTION REPORTED

Katowice TRYBUNA ROBOTNICZA in Polish 24 Jun 82 p 3

[Article by Zenon Gralak: "New Specialization in Polish Shipyards. Ships for Exploring and Working Crude Oil Deposits on Sea and Ocean Bottoms"]

[Text] The Polish shipbuilding industry does not need advertising. After all, the shipyards in Gdansk, Gdynia and Szczecin have been building excellent ships for years--fishing, commercial and passenger ships, designed for different purposes. They sail under the flags of several-score countries, enjoying the approval of all ship operators. Much has been said and written on this subject. However, without fanfare and publicity, our shipbuilding industry is embarking on a totally new field of production, perhaps even the most interesting, mastered only by Japanese, American, French, British and Norwegian manufacturers. This is the production of ships and technical facilities designed to explore and exploit undersea crude oil deposits and other resources that may be deposited here. This is the most promising trend in world shipbuilding because it is related to the constantly growing demand for crude oil and other raw materials.

Program Shelf

We are embarking on this new specialization thanks to the huge orders from the Soviet Union placed with Polish shipyards, for the USSR is beginning the implementation of a gigantic project called "Program Shelf". This program covers a complex of studies of the bottom of the sea along the Soviet coast, and then the mining of the deposits that have been located, both of crude oil as well as other undersea deposits. The worked, mapped out on a wide scale, will, of course, require the commitment of scores of ships and other specialized technical marine equipment. Most of these deliveries, according to the contracts already concluded and awaiting signature, will come from the Gdansk, Gdynia and Szczecin shipyards.

It should be added here that Polish and Soviet specialists in this field have been working together on this for a long time now. Up to now this cooperation has mainly pertained to the design offices and the first concrete implementations. Thus in 1980 in the Adolf Warski Shipyard in Szczecin two huge supply-tug ships, "Granit" and "Bazalt" were built, which service the Polish-Soviet-GDR drilling platform, "Petrobaltic", operating on the Baltic Sea. They turned out to be the best in the world in their class. Today even more and better ships of this type are being constructed.

Execution of the large Soviet order began with the construction of 33 supply-delivery tugs, 1,400 DWT each, which will be built in the Lenin Shipyard in Gdansk and the Adolf Warski Shipyard in Szczecin. This year, a prototype ship will be launched from the Szczecin Shipyard, which is the leading plant in these deliveries. The last of the series of 33 ships will be delivered to the Soviet Union in 1985. It should be added that this long series is something of a breakthrough for these kinds of ships in world shipbuilding, for they are ships with the highest ice class, adapted for operation under arctic conditions not yet encountered by those already sailing the world's seas and oceans.

Research and Drilling Ships

The next contract from "Program Shelf, valued at 180 million rubles, pertains to the contruction of a successive series of 18 ships, nine of which will be built by the Lenin Shipyard in Gdansk during 1984-1985. These are unique facilities, the likes of which we have not built heretofore, that is, huge crane ships designed to service drilling platforms. The northern Heroes of Westerplatte Shipyard in Gdansk will be building nine multi-function firefighting ships, designed to protect the operation of the drilling platforms. The Soviet Union purchased the specialized fire equipment in Yugoslavia.

"Program Shelf" also provides for delivery of other ships. This will be an entire special flotilla of geophysical and drilling ships. The Adolf Warski Shipyard in Szczecin will build nine large ships for underwater research and exploration of crude oil deposits, using geological and geophysical methods. These will be ships loaded with scientific-laboratory equipment, which will be furnished to us by the shipowner. In Szczecin there will also be built a series of six drilling ships, fitted with various technical equipment, including a complex of equipment for rock drilling and extraction of samples.

The next lot of these types of ships, six small geophysical ships, designed for working in shallow waters, will be built by the Gdansk shipyard Wisla. Also, the Paris Commune Shipyard in Gdynia is getting ready to make modules for drilling platforms. This will be the beginning of larger deliveries of these kinds of elements, announced for the next five-year plan. Within the framework of "Program Shelf", Polish shipyards will also build passenger ships to service the traffic between the land and sea mining equipment. We are also supposed to build large barges to haul drilling platform elements.

Expression of Confidence

The fact that such large contracts have been awarded to Polish shipyards is undoubtedly an expression of recognition of our past achievements. It attests to great confidence, although, after all, we are beginning the construction of these highly specialized marine facilities for the first time. But our partners know very well that we have an excellent, highly qualified cadre and an expanded production capacity. But will we be able to cope with the difficult materials-co-production situation and the drastic lack of foreign exchange for the purchase of the equipment necessary to outfit the ships with unique, expensive equipment? This situation was taken into account by the Soviet contractor. The agreements concluded define the scope of the obligations assumed by the Soviet side as pertains to furnishing

the basic equipment and fittings for the ships that we are building. The Soviet Union simply assures us that specialized equipment will be supplied. Implementation of such an important shipbuilding program, therefore, will not encumber our treasury with foreign-exchange expenditures. The undertaking of totally new production by the shipyards, however, will extend their bid for future specialized ships, for which there is a great demand at this time. This will place our shipbuilding industry in with those of other countries that have mastered the specialized, new field of shipbuilding and allow us to enter into the world markets.

9295
CSO: 2600/766

END